

EXHIBIT

“A”



Valbridge
PROPERTY ADVISORS

Appraisal Report

Modern Builders & Contractors Inc
112 & 116 N. Walnut Street
East Orange, Essex County, New Jersey 07017

Report Date: May 23, 2022



FOR:

Ronald Fraser, Modern Builders & Contractors Inc.
112 & 116 N. Walnut Street
East Orange, New Jersey 07017

Construction Loan Services II, LLC
ISAOA/ATIMA
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May 23, 2022

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Mr. Ronald Fraser
Ronald Fraser, Modern Builders & Contractors Inc.
112 & 116 N. Walnut Street
East Orange, New Jersey 07017

Construction Loan Services II, LLC
ISAOA/ATIMA
1019 39th Ave SE
Suite 220
Puyallup 98374

RE: Appraisal Report
Modern Builders & Contractors Inc
112 & 116 N. Walnut Street
East Orange, Essex County, New Jersey 07017

Dear Mr. Fraser:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property, as referenced above, is located along North Walnut Street, in East Orange, Essex County, New Jersey and is further identified as tax parcel numbers Block 360, Lots 14 & 15. The subject site is a 0.74-acre or 32,139-square-foot parcel. The site is improved with an under-construction multi-family building estimated at 65.0% complete, to contain 29 multifamily units. There is an additional parcel which will have a total of 48 parking spaces. Additionally, the building can, as of right, have



three more stories with 18 additional apartments (47 total). The client has requested two valuation scenarios: with the 29 units as well as with the 47 as of right units.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them.

The client in this assignment is Ronald Fraser, Modern Builders & Contractors Inc. and the intended users of this report are Elizabeth Gale, Ronald Fraser and Fraleg Group Inc. and no others. The sole intended use is for private financing. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- We make the Extraordinary Assumption that the subject will be completed in accordance with the plans and specifications provided by the developer (verbally and architectural plans) and will be completed in a good and workmanlike manner. Should updated information become available that indicates otherwise, we reserve the right to review said material to see if they impact the concluded values.
- We make the Extraordinary Assumption that the construction budget and proforma provided by the developer is accurate. Should updated information become available that indicates otherwise, we reserve the right to review said material to see if they impact the concluded values.
- We make the Extraordinary Assumption that market conditions as of the date of inspection will exist as of the future prospective dates.
- We previously inspected the subject on July 9, 2021 during the course of a prior inspection for the same client. At the client's request, we have not conducted a reinspection. We make the Extraordinary Assumption that the property's "As Is" condition is unchanged from the prior inspection.
- We make the Extraordinary Assumption that the property, as of right, can hold 18 additional apartments in addition to the approved 29 units for a total of 47 units.
- We make the Extraordinary Assumption that the remaining construction costs noted by the developer for both scenarios are accurate.



Hypothetical Conditions:

- None

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

Value Conclusions - 29 Units

Component	As Is	Prospective As Complete	Prospective As Stabilized
Value Type	Market Value	Market Value	Market Value
Property Rights Appraised	Fee Simple	Fee Simple	Leased Fee
Effective Date of Value	July 9, 2021	May 1, 2023	September 1, 2023
Value Conclusion	\$7,500,000	\$9,700,000	\$9,800,000
	\$258,621 per unit	\$334,483 per unit	\$337,931 per unit

Value Conclusions - 47 Units

Component	As Is	Prospective As Complete	Prospective As Stabilized
Value Type	Market Value	Market Value	Market Value
Property Rights Appraised	Fee Simple	Fee Simple	Leased Fee
Effective Date of Value	July 9, 2021	May 1, 2023	September 1, 2023
Value Conclusion	\$12,000,000	\$16,600,000	\$16,800,000
	\$255,319 per unit	\$353,191 per unit	\$357,447 per unit

Respectfully submitted,
 Valbridge Property Advisors | North Jersey

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Mr. Ronald Fraser
Ronald Fraser, Modern Builders & Contractors Inc.
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Summary of Salient Facts

Summary of Salient Facts

Property Identification

Client Identification Number	Modern Builders & Contractors Inc
Property Name	Modern Builders & Contractors Inc
Property Address	112 & 116 N. Walnut Street East Orange, Essex County, New Jersey 07017
Latitude & Longitude	40.766023, -74.209834
Tax Parcel Numbers	Block 360, Lots 14 & 15
Property Owners	Fraleg Group Inc.

Site

Zoning	North Walnut Neighborhood District (NWD)
FEMA Flood Map No.	34013C0114F
Flood Zone	X
Primary Land Area	0.738 acres

Existing Improvements

Property Use	Mid, High-Rise Multifamily
Investment Class	B
Occupancy Type	Vacant
Gross Building Area (GBA)	Scenario 1 - 31,620; Scenario 2 - 50,592sf
Net Rentable Area (NRA)	Scenario 1 - 23,262; Scenario 2 - 45,477 sf
Number of Units	Scenario 1 - 29; Scenario 2 - 47
Number of Buildings	1
Number of Stories	Scenario 1 - 5; Scenario 2 - 8
Year Built	1938/Ren. 2022-2023
Condition	Excellent
Construction Class	C - Masonry and D - Wood Frame
Construction Quality	Average

Valuation Opinions

Highest & Best Use - As Vacant	Multifamily
Highest & Best Use - As Improved	Completing the as proposed multi-family development
Reasonable Exposure Time	6 to 12 months
Reasonable Marketing Time	6 to 12 months

**Value Indications - 29 Units**

Approach to Value	As Is	Prospective As Complete	Prospective As Stabilized
Cost	\$7,400,000	\$9,600,000	\$9,700,000
Sales Comparison	\$7,300,000	\$9,500,000	\$9,600,000
Income Capitalization	\$7,500,000	\$9,700,000	\$9,800,000

Value Conclusions - 29 Units

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Value Indications - 47 Units

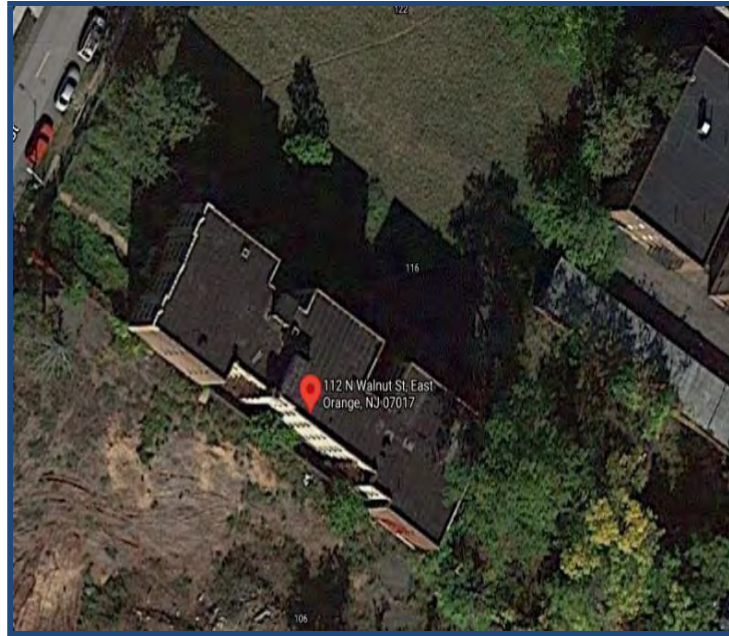
Approach to Value	As Is	Prospective As Complete	Prospective As Stabilized
Cost	\$10,700,000	\$15,300,000	\$15,500,000
Sales Comparison	\$10,700,000	\$15,300,000	\$15,500,000
Income Capitalization	\$13,300,000	\$17,900,000	\$18,100,000

Value Conclusions - 47 Units

Component	As Is	Prospective As Complete	Prospective As Stabilized
Value Type	Market Value	Market Value	Market Value
Property Rights Appraised	Fee Simple	Fee Simple	Leased Fee
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	\$255,319 per unit	\$353,191 per unit	\$357,447 per unit

Aerial and Front Views

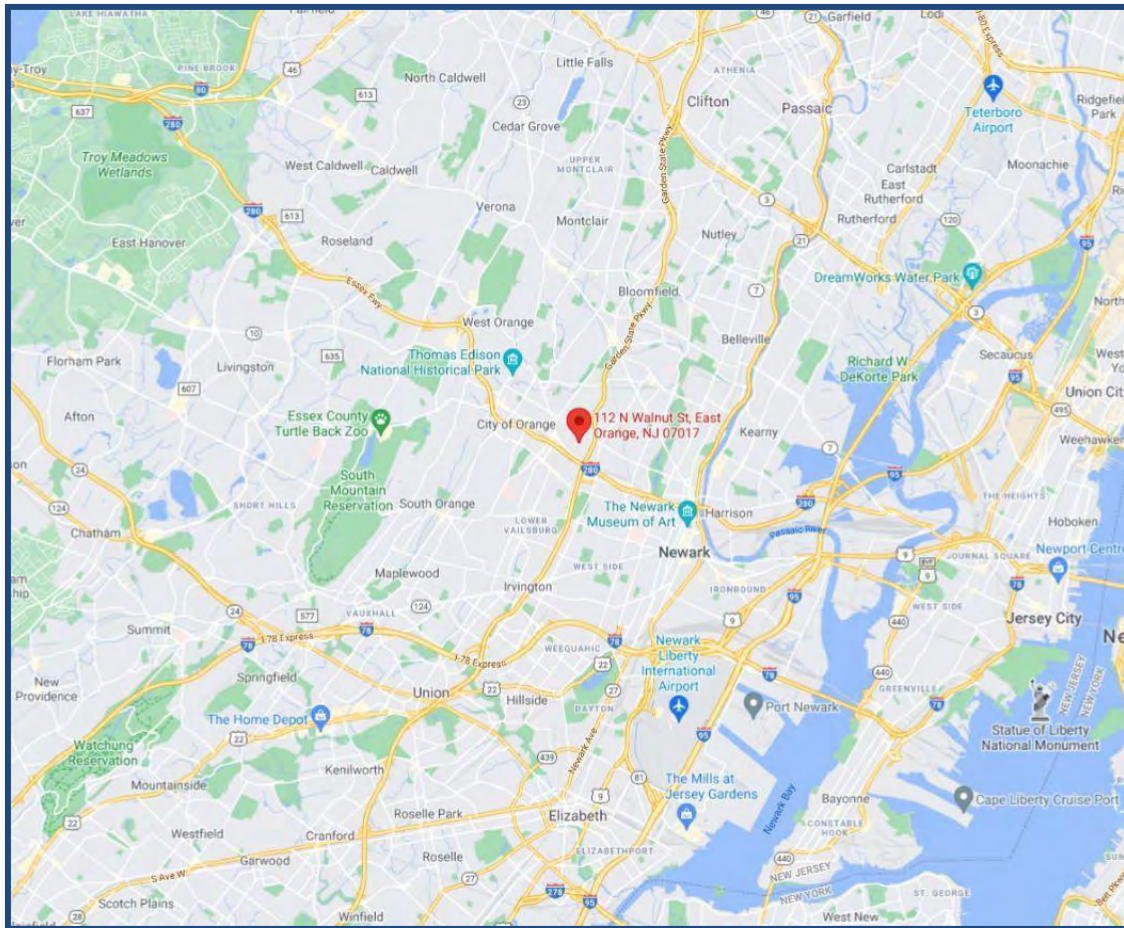
AERIAL VIEW



FRONT VIEW



Location Map





Introduction

Client and Intended Users of the Appraisal

The client in this assignment is Ronald Fraser, Modern Builders & Contractors Inc. and the sole intended users of this report are Elizabeth Gale, Ronald Fraser and Fraleg Group Inc. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The sole intended use of this report is for private financing.

Real Estate Identification

The subject property is located at 112 & 116 N. Walnut Street, East Orange, Essex County, New Jersey 07017. The subject property is further identified by the tax parcel number Block 360, Lots 14 & 15.

Legal Description

A legal description is available in the Addenda of the report.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was an apartment building in shell condition.

Use of Real Estate as Reflected in this Appraisal

A second inspection after the first inspection during the course of a prior appraisal (July, 2021) was not conducted. This appraisal assumes that the use of the real estate as of the date of this report is consistent with its use as of the effective date.

Ownership of the Property

According to public records provided by NJPropertyFax.com, title to the subject property is vested in Fraleg Group Inc..

History of the Property

Ownership of the subject property has changed within the past three years. The current owner acquired the subject property on April 5, 2019 for a total price of \$2,570,000. At the time of sale, the building was vacant and reportedly in need of gut renovation. The seller was reportedly motivated to divest of the property. Since then, the owners have incurred significant capital expenditures to renovate the property. There is a redeveloper's agreement in place to renovate the property with 29 units and add a parking lot with 48 spaces. When appropriate, we have considered and analyzed the known history of the subject in the development of our opinions and conclusions.



Analysis of Listings/Offers/Contracts

The subject is not currently listed for sale or under contract for sale.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*¹

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	July 9, 2021
Prospective As Complete Market Value of the Fee Simple Interest	May 1, 2023
Prospective As Stabilized Market Value of the Leased Fee Interest	September 1, 2023

Alan Farley, SCGREa completed an appraisal inspection of the subject property on July 9, 2021. A second inspection after this effective date was not conducted.

Date of Report

The date of this report is May 23, 2022.

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions



List of Items Requested but Not Provided

- N/A

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- We make the Extraordinary Assumption that the subject will be completed in accordance with the plans and specifications provided by the developer (verbally and architectural plans) and will be completed in a good and workmanlike manner. Should updated information become available that indicates otherwise, we reserve the right to review said material to see if they impact the concluded values.
- We make the Extraordinary Assumption that the construction budget and proforma provided by the developer is accurate. Should updated information become available that indicates otherwise, we reserve the right to review said material to see if they impact the concluded values.
- We make the Extraordinary Assumption that market conditions as of the date of inspection will exist as of the future prospective dates.
- We previously inspected the subject on July 9, 2021 during the course of a prior inspection for the same client. At the client's request, we have not conducted a reinspection. We make the Extraordinary Assumption that the property's "As Is" condition is unchanged from the prior inspection.
- We make the Extraordinary Assumption that the property, as of right, can hold 18 additional apartments in addition to the approved 29 units for a total of 47 units.
- We make the Extraordinary Assumption that the remaining construction costs noted by the developer for both scenarios are accurate.

Hypothetical Conditions

- None



Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via public records provided by NJPropertyFax.com with verification from the Tax Assessor, as well as an onsite inspection.
- Economic Characteristics - Economic characteristics of the subject property were identified via CoStar, Site-To-Do-Business, the Bureau of Labor Statistics, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via an interior and exterior inspection during the course of a prior appraisal.

Extent to Which the Property Was Inspected

Alan Farley, SCGREIA inspected the subject on July 9, 2021. The improvements were measured during the course of the inspection. A second inspection was not performed.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct



capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment the Cost, Sales Comparison and Income Capitalization Approaches were developed. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

The market value includes typical apartment FF&E; including appliances, office equipment, furniture, maintenance equipment and tools, pool furniture, etc. This FF&E is not separately valued, which is consistent with industry standards.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject property is located in Essex County, New Jersey. Essex County is also part of the New York MSA. The New York MSA includes Long Island, mid and lower Hudson Valley, part of northeast Pennsylvania, most of the counties in Northern New Jersey, and Monmouth and Ocean Counties.

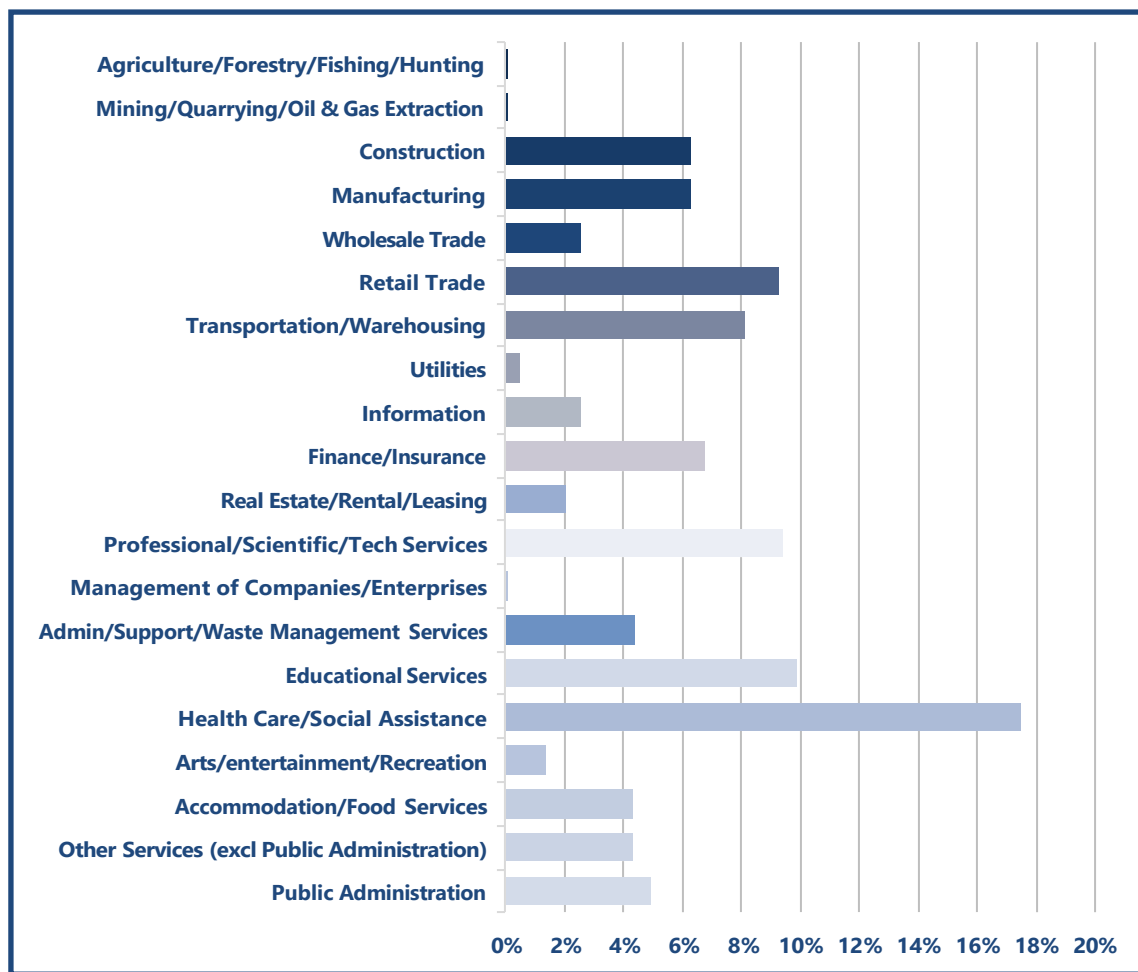
Essex County is located in the northeastern section of New Jersey. It is located proximate to New York City, including Manhattan. The county has 129.631 square miles of area of which 126.212 square miles are land. The county seat is Newark. Over one-third of Essex County's population resides in Newark, the state's largest city. Like many of the counties of Northern New Jersey near New York City, Essex County has a sharp divide between relatively rich suburban neighborhoods and less wealthy, more urbanized areas. This divide appears to be geographical with the western municipalities, or townships farther away from New York, primarily being more suburban and affluent while the eastern municipalities, or closer to New York City, are more urbanized and not as affluent. Essex County is bounded by Passaic and Hudson Counties to the north, Union and Morris Counties to the south, the Hudson to the east, and Morris County to the west.

Population

Population characteristics relative to the subject property are presented in the following table.

Employment

Traditionally, the area's dominant industries include retail and professional trades and education and health services. The county is well connected by major roadways like I-78, the New Jersey Turnpike, Route 46, I-80 and I-280 which provide access to employment centers. There is a dense residential population which either commutes to surrounding areas or practices a professional trade within the area. There are several large retail areas in the county and retail shopping malls are popular. Employment by industry for the county is as follows:



Source: ESRI (ArcGIS)



Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts one of the highest unemployment rates for metropolitan statistical areas in the country at 5.5 percent.

Unemployment Rates

Area	YE 2017	YE 2018	YE 2019	YE 2020	YE 2021	2022 ¹
United States	4.4%	3.9%	3.7%	8.1%	5.3%	3.8%
New Jersey	4.5%	4.0%	3.4%	9.5%	6.3%	4.4%
New York-Newark-Jersey City, NJ-NY-PA (MSA)	4.0%	3.5%	3.1%	8.6%	5.5%	5.1%
Essex County, NJ	5.0%	4.1%	4.1%	9.4%	6.3%	5.5%
East Orange city, NJ	6.1%	5.3%	5.6%	11.5%	8.5%	6.8%

Source: www.bls.gov

data not seasonally adjusted; ¹March - most recent for US, others lag by 1-2 mos.)

Median Household Income

Total median household income for the region is presented in the following table.

Median Household Income

Area	Estimated 2021	Projected 2026	Annual % Change 2021 - 26
United States	\$62,203	\$67,325	1.6%
New Jersey	\$85,683	\$94,053	1.9%
New York-Newark-Jersey City, NY-NJ-PA (MSA)	\$83,280	\$93,414	2.3%
Essex County	\$64,855	\$72,374	2.2%
East Orange city	\$50,640	\$55,402	1.8%

Source: ESRI (ArcGIS)

Conclusions

The subject is well positioned within the Essex County submarket. Population and income levels are expected to grow over the next five years.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The subject is located in East Orange in Essex County. East Orange is located in the eastern section of Essex County and contains 3.924+/- square miles of land area. The city is bordered by Newark and Bloomfield to the north; Newark and South Orange to the south; Newark to the east; and Orange and West Orange to the west. East Orange is approximately 15 miles west of Manhattan.

Neighborhood Location and Boundaries

The subject neighborhood is located in the North Walnut Neighborhood section of East Orange. The area is urban in nature. The neighborhood is considered a "Transit Village" and is zoned for such. The neighborhood is bounded by Park Avenue to the north, the Garden State Parkway to the east, Interstate 280 to the south, and N. Clinton Street to the west.



Demographics

The following table depicts the area demographics in East Orange within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius (Miles)	1 Mile	3 Mile	5 Mile
Population Summary			
2010 Population	54,698	389,741	752,757
2021 Population Estimate	56,729	404,165	780,549
2026 Population Projection	59,902	417,368	799,249
Annual % Change (2021 - 2026)	1.1%	0.6%	0.5%
Housing Unit Summary			
2010 Housing Units	24,651	158,971	302,612
% Owner Occupied	19.2%	27.6%	35.8%
% Renter Occupied	67.0%	60.9%	54.5%
2021 Housing Units	25,797	167,436	318,339
% Owner Occupied	20.0%	27.8%	35.6%
% Renter Occupied	66.4%	60.3%	54.2%
2026 Housing Units	27,023	173,022	326,510
% Owner Occupied	20.4%	28.3%	36.1%
% Renter Occupied	66.7%	60.0%	53.8%
Annual % Change (2021 - 2026)	0.9%	0.7%	0.5%
Income Summary			
2021 Median Household Income Estimate	\$46,291	\$51,135	\$59,155
2026 Median Household Income Projection	\$51,929	\$55,373	\$65,123
Annual % Change	2.3%	1.6%	1.9%
2021 Per Capita Income Estimate	\$23,914	\$26,432	\$32,918
2026 Per Capita Income Projection	\$27,690	\$30,169	\$37,186
Annual % Change	3.0%	2.7%	2.5%

Source: ESRI (ArcGIS)

The above population growth estimates belie the fact that there has been significant migration out of New York City due, in part, to the COVID-19 pandemic; these population shifts have flowed into Northern New Jersey out of the City. Thus, there is further upside potential for the East Orange area in terms of demand.

Transportation Access

Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include the Garden State Parkway as well as Interstate 280. In addition, the subject is within walking distance of two train stations. The East Orange Train Station is located approximately three blocks to the south of the subject. In addition, the Brick Church Plaza station is located approximately five blocks to the west of the subject. Zoning has designated the subject's neighborhood as the "North Walnut



Neighborhood District" (a Transit Village) due to its access to two train stations. Access to the area is considered good.

Neighborhood Land Use

The subject neighborhood is located in an area with primarily residential land uses. The apartment building across the street, 103 N. Walnut Street, was recently renovated and reportedly had 40 units leased in about a month. The site adjacent to the subject is vacant, but is currently approved for mid-high rise apartment development. Ground has already been broken on this adjacent site. The subject is also on the periphery of a commercial corridor with retail services and grocery stores. Thus, the subject benefits from direct and immediate access to area amenities required for apartment living such as grocery stores, laundromats, personal services, etc. Based on visual observation, occupancy levels in the neighborhood appear to be relatively stable.

East Orange has had many significant new apartment developments, especially along S. Harrison Street. Allure 258 is a Class A high-rise with over 200 units and is nearing completion. The same developer of Allure 258 has also developed several other mid/high-rise Class A apartment buildings along this same street.

Conclusions

The subject is in an area with increasing residential demand and new apartment development. Overall, the subject neighborhood is in the stability stage of its life cycle, though it is possible it may shift into the revitalization stage in the mid-term.



Site Description

The subject site is located along North Walnut Street, in East Orange, Essex County, New Jersey. The characteristics of the site are summarized as follows:

Site Characteristics

Gross Land Area:	0.74 Acres or 32,139 SF
Usable Land Area:	0.74 Acres or 32,139 SF
Usable Land %:	100.0%
Shape:	Irregular
Topography:	Generally level
Drainage:	Appears adequate
Grade:	At street grade
Utilities:	All available
Off-Site Improvements:	Concrete curbing, asphalt paving
Interior or Corner:	Interior
Signalized Intersection:	No
Excess or Surplus Land:	None

Street Frontage / Access

Frontage Road	Primary
Street Name:	North Walnut Street
Street Type:	Two-lane, bi-directional secondary roadway
Frontage (Linear Ft.):	110
Number of Curb Cuts:	1

Additional Access

Alley Access:	No
Water or Port Access:	No
Rail Access:	No

Flood Zone Data

Flood Map Panel/Number:	34013C0114F
Flood Map Date:	June 24, 2007
Portion in Flood Hazard Area:	0.00%
Flood Zone:	X
The subject parcel is not located within a flood zone.	



Other Site Conditions

Soil Type:	Appears adequate based on existing and surrounding improvements.
Environmental Issues:	A Phase I Environmental Assessment Report was not made available for review. For analysis purposes, we have assumed that the subject site is free and clear of any hazardous materials. The appraisers have no expertise in this area and recommend an expert be consulted.
Easements/Encroachments:	No noted atypical easements or encumbrances per the tax map that would negatively impede site utility or development potential.
Earthquake Zone:	No
Wetlands Classification:	None

Adjacent Land Uses

North:	Multi-family
South:	Vacant land (under construction apartments)
East:	Multi-family
West:	Multi-family

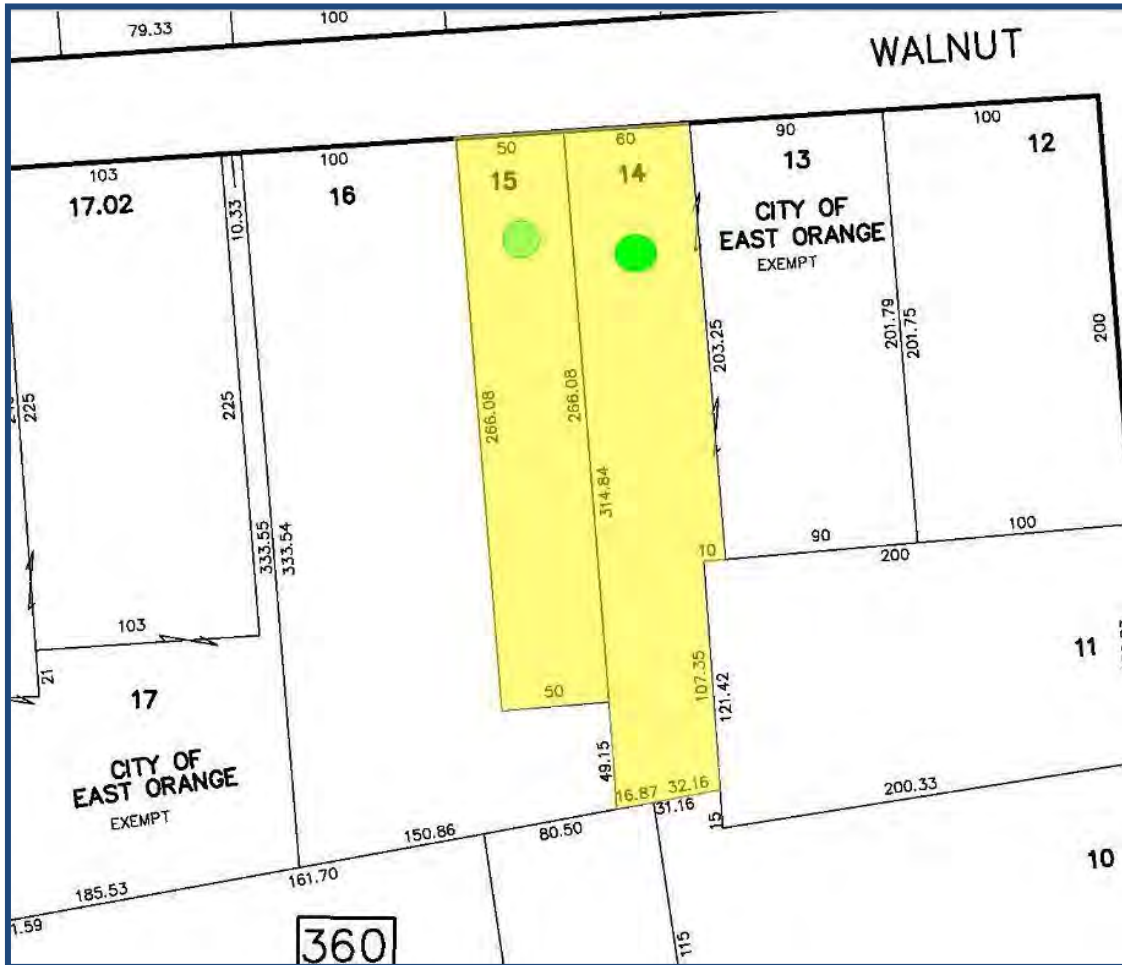
Site Ratings

Access:	Adequate
Visibility:	Average

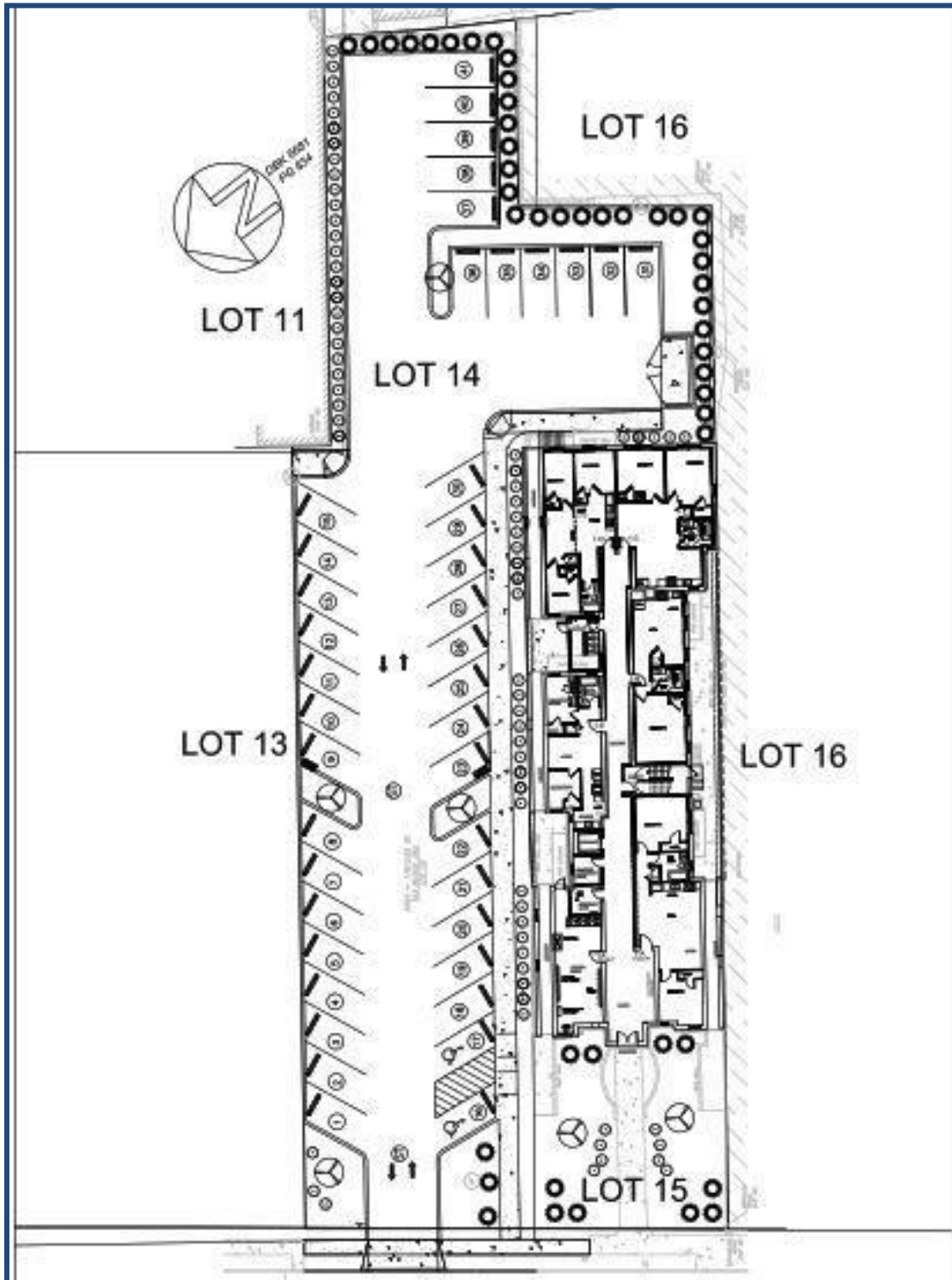
Analysis/Comments on Site

The subject site is irregular in shape with a generally level topography. Based on a review of the municipal tax map, there are no known atypical encumbrances that would impede the site's utility. Nor is the subject located in a flood plain. Overall, the subject is well-suited for the improvements and can continue to support the improvements into the future.

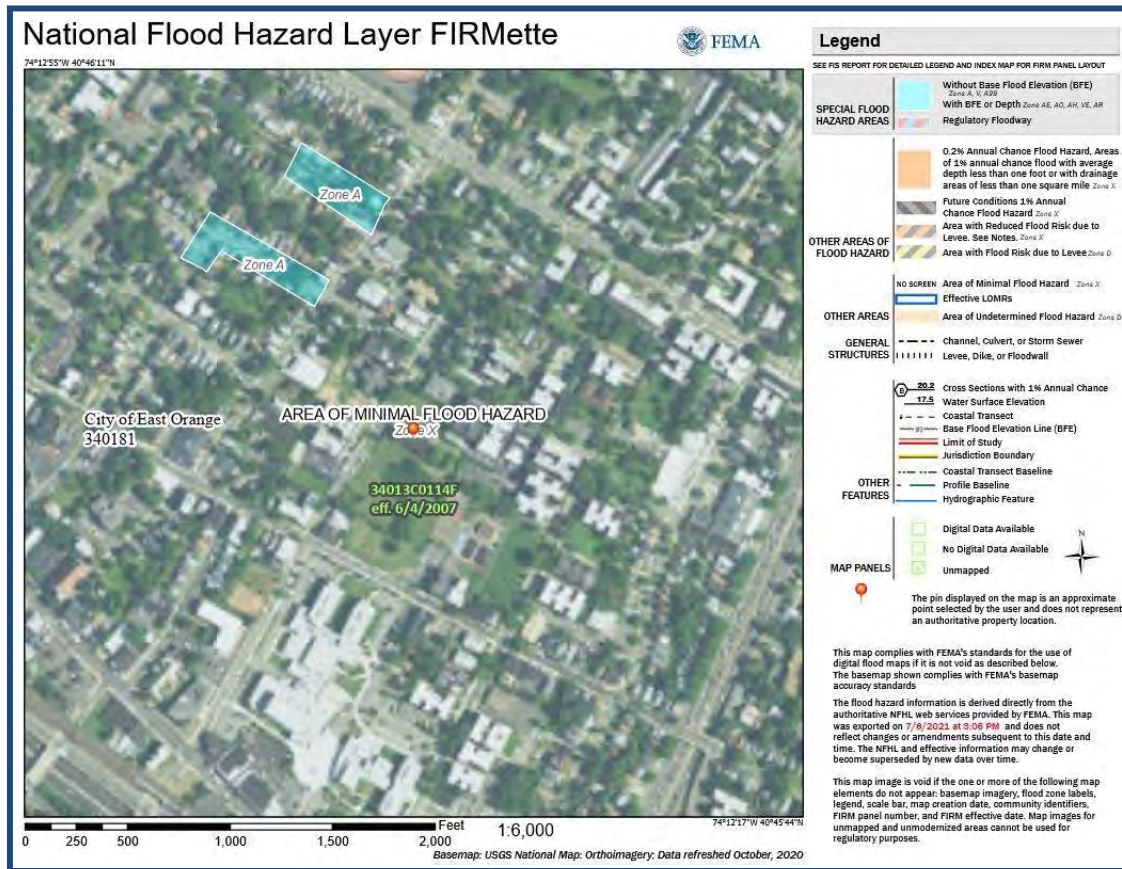
TAX MAP



SITE SURVEY



FLOOD MAP





NJ GEOWEB MAP





Improvements Description

The site is improved with an under-construction multi-family building estimated at 65.0% complete, to contain 29 multifamily units. There is an additional parcel which will have a total of 48 parking spaces. Additionally, the building can, as of right, have three more stories with 18 additional apartments (47 total). The client has requested two valuation scenarios: with the 29 units as well as with the 47 as of right units.

Improvement Characteristics

Property Type:	Multifamily
Property Subtype:	Mid, High-Rise
Investment Class:	Class B
Number of Buildings:	1
Number of Stories:	5
Construction Class:	C - Masonry and D - Wood Frame per Marshall Valuation Service
Construction Quality:	Average
Gross Building Area (GBA):	Scenario 1: 31,620 SF (based on architectural plans); Scenario 2: 50,592 SF (based on architectural plans)

Unit Mix

Unit Type	Number of Bedrooms	Number of Baths	Total Units	Average Unit Size	Total SF
1A	2	1	1	770 sf	770 sf
1B	2	1	1	548 sf	548 sf
1C	2	1	1	790 sf	790 sf
1D	3	1	1	876 sf	876 sf
1E	1	1	1	674 sf	674 sf
2A-5A	3	1	4	1,136 sf	4,544 sf
2B-5B	2	1	4	548 sf	2,192 sf
2C-5C	2	1	4	790 sf	3,160 sf
2D-5D	3	1	4	878 sf	3,512 sf
2E-5E	2	1	4	674 sf	2,696 sf
2F-5F	3	1	4	875 sf	3,500 sf
Totals			29	802 sf	23,262 sf

**Unit Mix**

Unit Type	Number of Bedrooms	Number of Baths	Total Units	Average Unit Size	Total SF
1A	2	1	3	770 sf	2,310 sf
2A,1F	2	1	8	1,136 sf	9,088 sf
3A,4A	2	1	11	1,336 sf	14,696 sf
B (1-5)	3	1	3	548 sf	1,644 sf
C (1-5)	1	1	6	790 sf	4,740 sf
D (1-5)	3	1	4	876 sf	3,504 sf
E (1-5)	2	1	5	764 sf	3,820 sf
F (1-5)	3	1	7	875 sf	6,125 sf
Totals			47	778 sf	45,927 sf

Note that the unit mix under the second scenario (based on the developer's proforma) differs from the original unit mix in the original scenario based on the proforma provided to us during the course of a prior appraisal.

Property Features

Clubhouse On-Site:	No
Fitness/Exercise Facility:	No
Whirlpool/Sauna:	No
Tennis Courts:	No
Swimming Pools:	No
Gated Parking/Access:	No
Storage Units:	Yes
Security Personnel:	No
Other Property Amenities:	Elevator, on-site parking

Unit Features

Kitchen Appliances/Finish:	Above Average
Fireplace in Units:	No
Washer/Dryer Connection:	Yes
Washer/Dryer Included:	Yes
Restroom Finish:	Above Average
Patio/Balcony:	No
Security System in Unit:	Yes

Ratios & Parking

Land-to-Building Ratio:	1.02 to 1 (Usable Land/GBA)
Floor Area Ratio (FAR):	0.98 (based on GBA)
Parking Spaces:	41
Parking Ratio:	1.41 spaces/unit



Age / Life

Year Built:	1938
Renovated/Yr. Renovated:	2021-2022
Condition:	Excellent ("As Complete"); Shell ("As Is")
Actual Age:	83 years
Effective Age:	0 years ("As Complete"); 40 years ("As Is")
Typical Building Life:	50 years
Remaining Economic Life:	50 years ("As Complete"); 10 years ("As Is")

Structural Characteristics

Foundation:	Concrete
Building Frame:	Masonry and wood frame
Exterior Walls:	Brick and block'
Roof Type / Material:	Flat / Built-up composition

Interior

Floors:	Wood and ceramic tile
Walls:	Drywall
Ceilings:	Drywall
Lighting:	Fluorescent

Mechanical Systems

Electrical:	Assumed adequate
Plumbing:	Assumed adequate
Heating:	Forced hot air
Air Conditioning:	Central Air
Fire Protection/Sprinklers:	Wet system / Smoke Detectors
Elevators:	1

Site Improvements

Site Improvements:	Concrete curbing, asphalt paving, surface parking
Landscaping:	Average

Deferred Maintenance

The subject is currently undergoing renovations. Upon completion, no significant items of deferred maintenance are anticipated.

Renovation Costs

The subject is currently undergoing renovations. The interior was gutted near the end of 2019; however, the proposed renovations were put on hold in the beginning of 2020 due to the COVID-19



pandemic. Below is a summary the total renovation costs that have already been incurred, as provided by the client:

<u>Scope of Work</u>	<u>Cost</u>
Demolition:	
Demolition of the Entire Interior	\$45,000.00
Clean UP	\$17,700.00
Haulage & container	\$22,000.00
Site Preparation:	
Fence	\$12,000.00
Security	\$14,000.00
Mobilization	\$12,000.00
Roof	
New Rubber Roof	\$55,000.00
Bulk Head(new Roof	\$3,500.00
Bulk Head brick Repair & stucco	\$5,500.00
Interior Framing	\$375,000.00
	Wood Framing
	Wood joist
	Subfloor
	Structural Steel Reinforcement
Plumbing	\$155,000.00
	Water Main
	Sprinkler Line
	Interior Sprinkler
Electrical	\$220,000.00
	Rough Electrical
	Electric Meters
	Circuit Boxes & breakers
Windows	\$45,000.00
Stairs	
	Repair
	\$25,000.00
TOTAL	<u>\$1,006,700.00</u>

In addition, the client provided us with an estimate of construction costs which are remaining in order to complete the renovations and receive a Certificate of Occupancy:



AS IS CONDITION

FUNDS NEEDED TO COMPLETE TO CofO112 N.WALNUT STREET .EAST ORANGE NJ.

Scope OF Work	Descriptions	Estimated Amount
1	PLUMBING	\$225,500.00
	Rough Plumbing	
	Sprinkler System	
	Plumbing	
	Bathroom & Kitchen	
2	ELECTRICAL	\$295,000.00
	Electrical Wiring for Utilities	
	HVAC SYSTEMS	
	Elevator Wiring	
	Light Fixtures	
3	ELEVATOR	\$245,000.00
	New Elevator	
	New Elevator Cabin	
4	STEEL FABRICATION	\$175,000.00
	New Stairs	
	new Exterior Fire Escape	
5	HVAC SYSTEM	\$450,000.00
	Apt Air cooling system	
	Kitchen & Bath Exhaust	
	Tankless Hot Water System	
	Hvac Duct Work	


 MODERN BUILDERS & CONTRACTORS INC
IMPROVEMENTS DESCRIPTION

6 DOORS & WINDOWS		\$175,000.00
	Hlow Metal Doors	
	Wood Doors & Frames	
	HardWares	
	Windows	
	Entrance Glass Door	
7 FINISHES		\$150,000.00
	Kitchen cabinets	
	Bathroom Accessories	
	Counter Top	
	Bathroom Vanities	
8 EQUIPMENTS		\$120,000.00
	Range	
	Hood	
	Refridgerator	
	Stack Wqasher & dryer	
	Dishwashers	
9 MISC		\$75,000.00
	Clean up	
	Parking	
	Garbage Compactment	
TOTAL		\$1,910,500.00



According to the developer, only \$1,800,000 is currently left for the 29 units.

We will deduct the remaining renovation costs (adjusted for contingencies and entrepreneurial incentive) from the "As Complete" value indications to arrive at an "As Is" value indication. We have inflated the remaining costs by 5.0% to account for contingencies and an additional 15.0% to account for entrepreneurial incentive as depicted below:

Total Costs Remaining - 29 Units		
Additional \$1.8 Million		\$1,800,000
Subtotal		\$1,800,000
Contingencies	5.00%	\$90,000
Subtotal		\$1,890,000
Entrepreneurial Incentive	15.00%	\$283,500
Total		\$2,173,500

Total Costs Remaining - 47 Units		
Additional \$1.8 Million		\$1,800,000
18 Additional Apts		\$2,000,000
Subtotal		\$3,800,000
Contingencies	5.00%	\$190,000
Subtotal		\$3,990,000
Entrepreneurial Incentive	15.00%	\$598,500
Total		\$4,588,500

Analysis/Comments on Improvements

The functional utility of the property is adequate based upon a comparison of similar properties in the market area.

FIVE STORY MULTI-UNIT RESIDENTIAL BUILDING BLOCK 360 LOT 15 112 North Walnut Street East Orange, N.J.

INDEX OF DRAWINGS

T-100 FIVE STORY OF BUILDINGS, ZONING AND
 EXISTING INFORMATION
 T-101 FIRST - FIFTH FLOOR PLAN
 LAYOUT
 A-101 FIRST FLOOR, TYPICAL SECOND
 FLOOR FIFTH FLOOR A-WAY PLAN
 A-102 ENLARGED FIRST FLOOR PLAN
 A-103 ENLARGED SECOND FLOOR FIFTH
 FLOOR PLAN
 A-104 ELEVATIONS

APPLICABLE CODES

CODES

RENOVATION SUBCODE NAC 5.15-4
 2003 INTERNATIONAL BUILDING CODE I.B.C. EDITION
 2017 NATIONAL ELECTRICAL CODE
 2003 NATIONAL STANDARD PLUMBING CODE
 2003 INTERNATIONAL ENERGY CONSERVATION CODE
 ASHRAE 90.1-2003 (COMMERCIAL & ALL OTHER RESIDENTIAL)
 2003 INTERNATIONAL MECHANICAL CODE
 2003 INTERNATIONAL FUEL GAS CODE
 RENOVATION SUBCODE NAC 5.15-4
 BARRETT - FIRE SUB CODE - NAC 5.15-7
 2003 AMES INTL. 1 BARRETT

CONTACTS

OWNER/REP
 FINLEY GROUP LLC
 53 UNION PLAZA
 PROHLEN, NY 11053
 (917) 257-6074
 ANTHONY WILLIAMS

BUILDING INFORMATION

BLOCK: 360
 LOT: 15
 USE GROUP: R-2
 CONSTRUCTION TYPE: V-A

TOTAL BUILDING SQUARE FOOTAGE:

FIFTH FLOOR 6324 SQ. FT. EXISTING
 FOURTH FLOOR 6324 SQ. FT. EXISTING
 THIRD FLOOR 6324 SQ. FT. EXISTING
 SECOND FLOOR 6324 SQ. FT. EXISTING
 FIRST FLOOR 6324 SQ. FT. EXISTING
 TOTAL SQ. FT. 31616 SQ. FT.

DWELLING UNIT:

FLOOR	1 BEDROOM	2 BEDROOM	3 BEDROOM	TOTAL
1	0	3	0	3
2	0	3	0	3
3	0	3	0	3
4	0	3	0	3
5	0	3	0	3
TOTAL	0	15	0	15

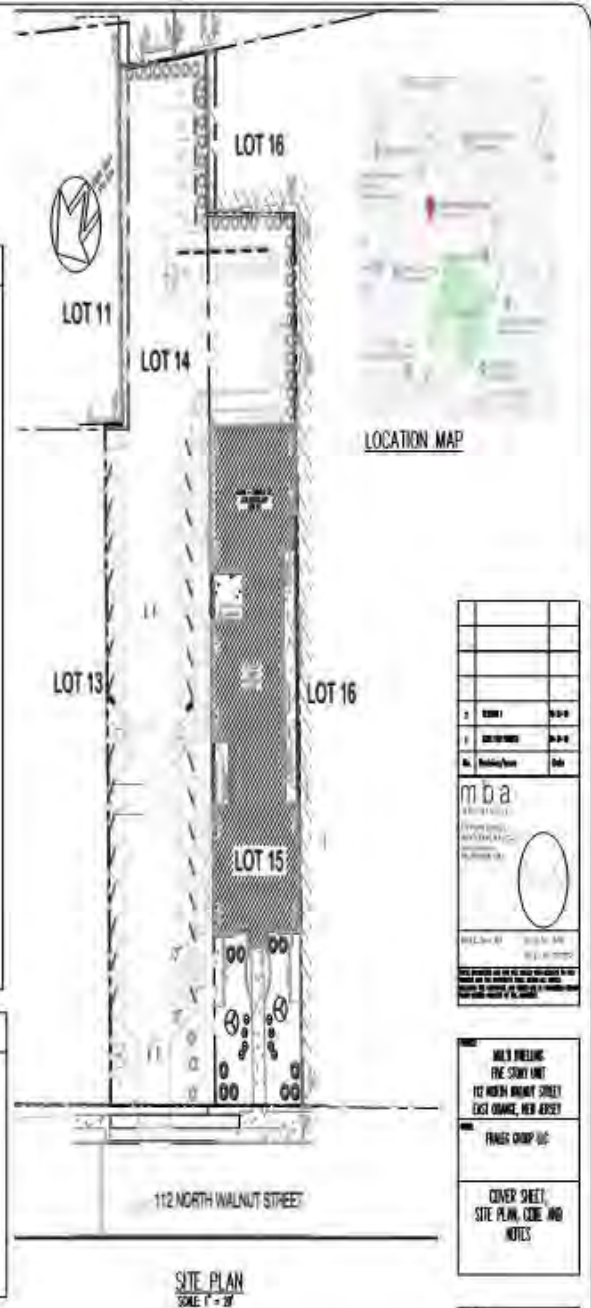
HCP ADAPTABLE DWELLINGS

HCP
 EXISTING BUILDING IS NOT PERMITTED AN ADAPTABLE
 TYPE "A" DWELLINGS SECTION 1003
 OF IBC/ AMES INTL. 1 2003
 KITCHENING - ICC/ AMES INTL. 1 2003
 ADAPTABLE BATH SHOWER
 30 LENGTH OF COUNTER 34 INCHES
 BATHROOM - ICC/ AMES INTL. 1 2003

ZONING CHART: CITY OF EAST ORANGE NJ ZONING REGULATION ARTICLE XVI CHAPTER 51

	ZONE	LOT AREA	LOT WIDTH	LOT DEPTH	FRONT SETBACK	REAR SETBACK	SIDE SETBACK	MAX. STORY	BUILDING COVERAGE	LOT COVERAGE	BLDG. HEIGHT	MAXIMUM STORY	MINIMUM HEIGHT	PARKING SPACES
REQUIRED	RESIDENTIAL MEDIUM DENSITY	10,000 SQ. FT.	100 FT.	100 FT.	10 FT.	10 FT.	5 FT. (MIN. 5'-0")	3-4	40%	75%	35'-0"	4-1/2	NO UNITS/ 12,000 SQ. FT.	
EXISTING	RESIDENTIAL MEDIUM DENSITY	10,000 SQ. FT.	100 FT.	100 FT.	10 FT.	10 FT.	5 FT. (MIN. 5'-0")	3-4	40%	75%	35'-0"	4-1/2	NO UNITS/ 12,000 SQ. FT.	
PROPOSED	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE

TWO HANDICAP PARKING SPACE



1	OWNER	FINLEY GROUP LLC
2	DESIGNER	MODERN BUILDERS & CONTRACTORS INC
3	DATE/ISSUE	08/10/22
4	DATE/ISSUE	08/10/22
5	DATE/ISSUE	08/10/22

mba
 ARCHITECTS
 1000 BROADWAY
 NEW YORK, NY 10003
 (212) 691-1000
 www.mbaarchitects.com

THIS PROJECT IS A FIVE STORY BUILDING IN THE
 CITY OF EAST ORANGE, NEW JERSEY
 PROJECT NO. 22-001
 DATE: 08/10/22

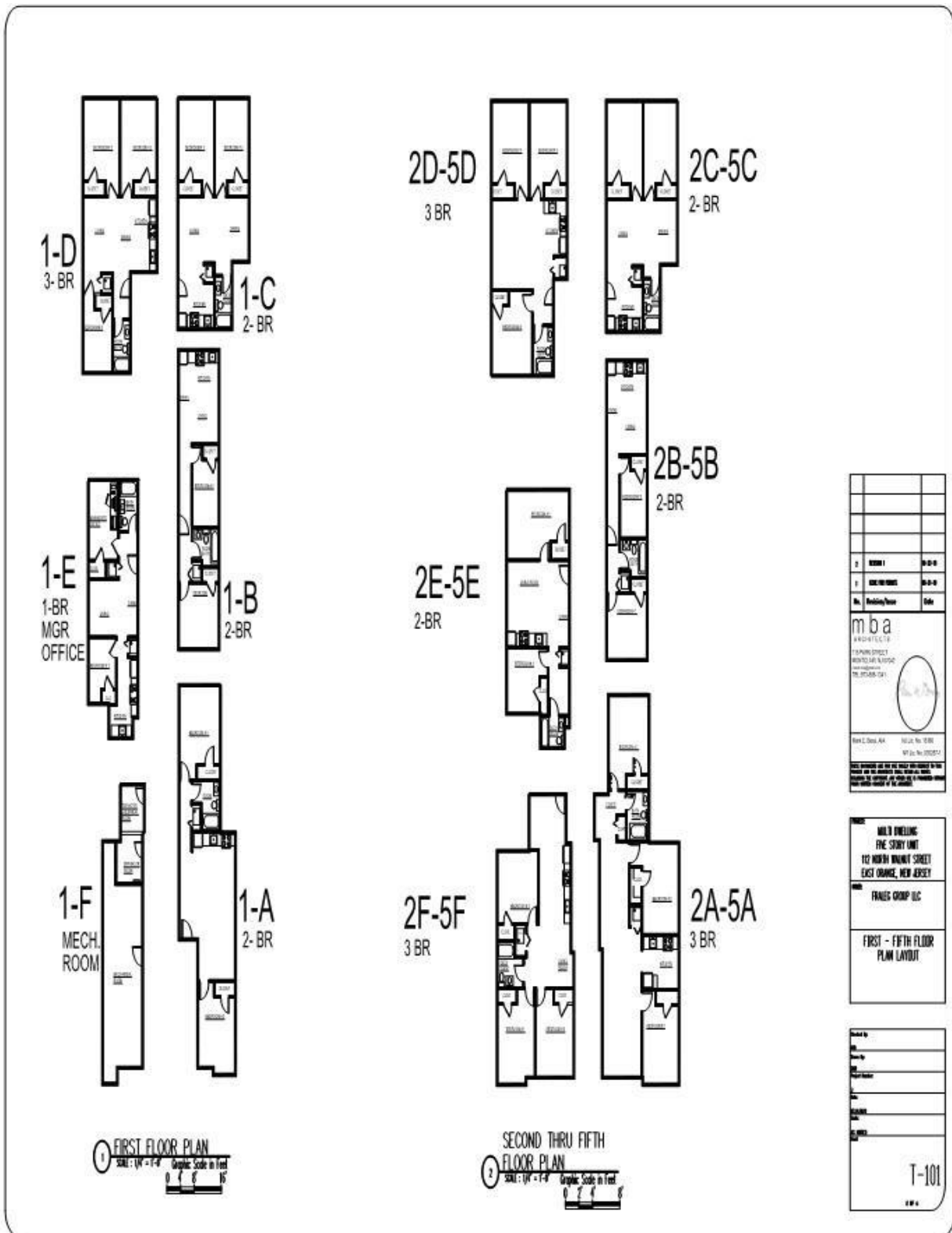
OWNER SHEET:
 FIVE STORY UNIT
 112 NORTH WALNUT STREET
 EAST ORANGE, NEW JERSEY

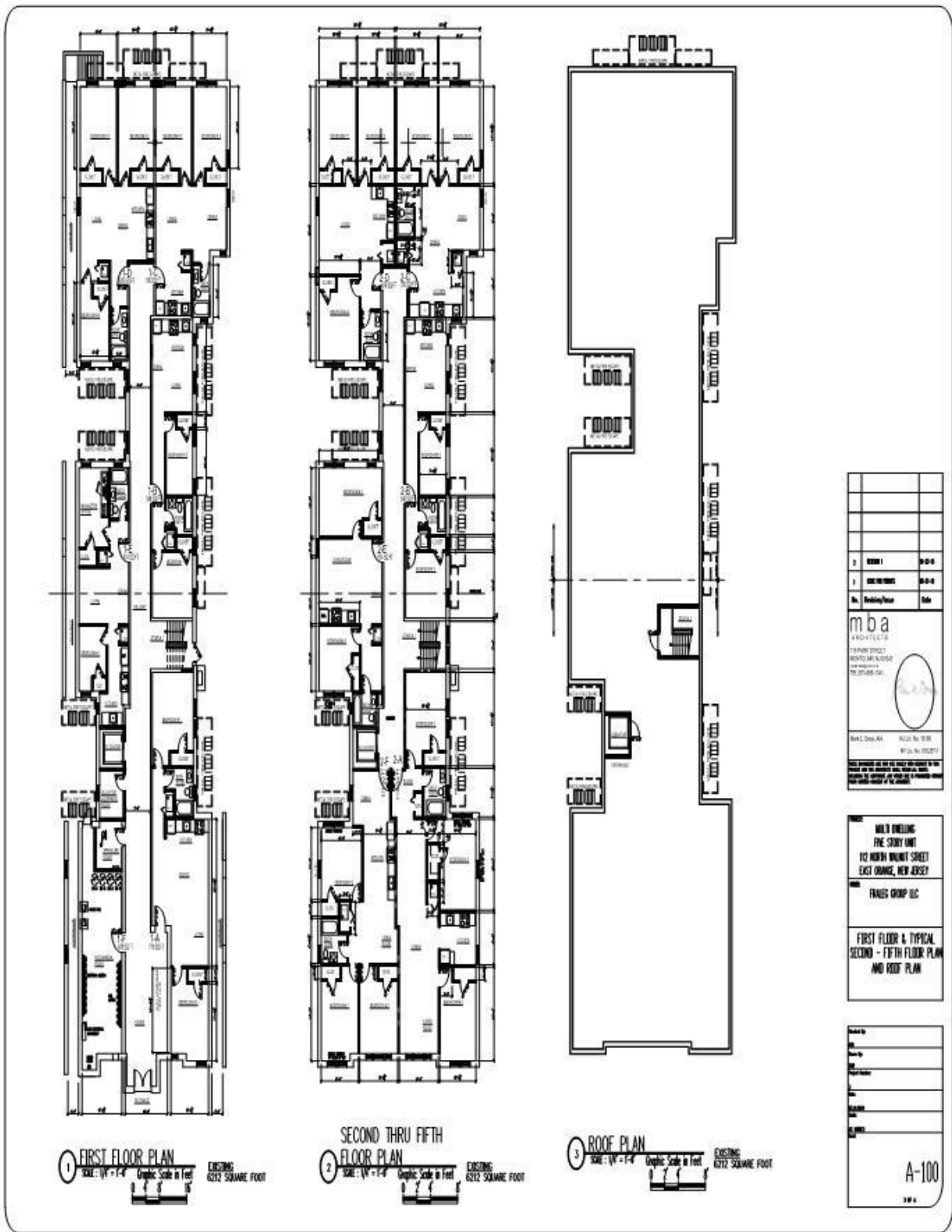
FINLEY GROUP LLC

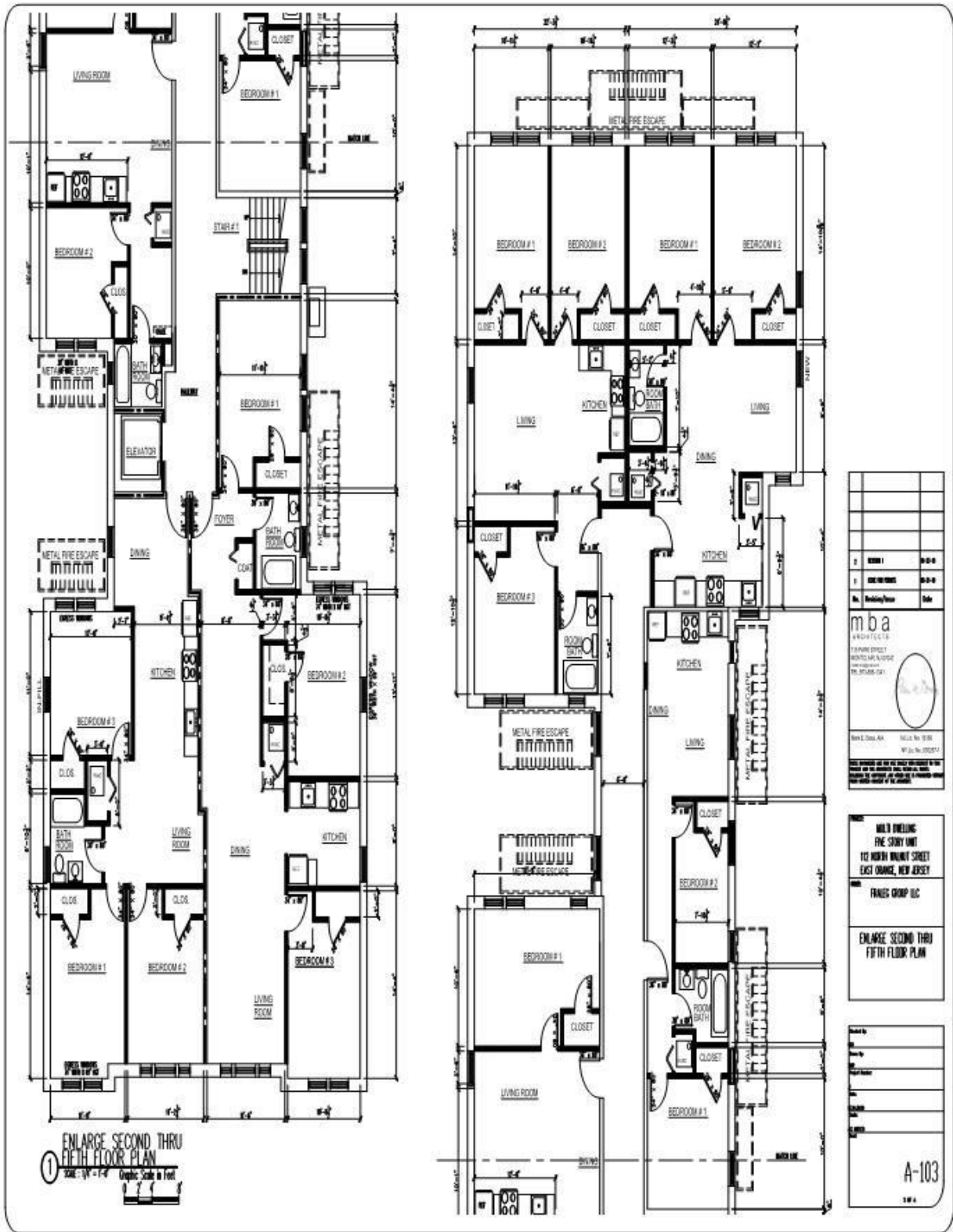
OWNER SHEET:
 SITE PLAN, CODE AND
 NOTES

1	OWNER	FINLEY GROUP LLC
2	DESIGNER	MODERN BUILDERS & CONTRACTORS INC
3	DATE/ISSUE	08/10/22
4	DATE/ISSUE	08/10/22
5	DATE/ISSUE	08/10/22

T-100







112 N. WALNUT STREET



FAArchitects

1000 200 0
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112 N. WALNUT STREET
East Orange, NJ 07017

EXTERIOR
RENDERING
EX-101.00

PAGE: 4 OF 5

112 N. WALNUT STREET



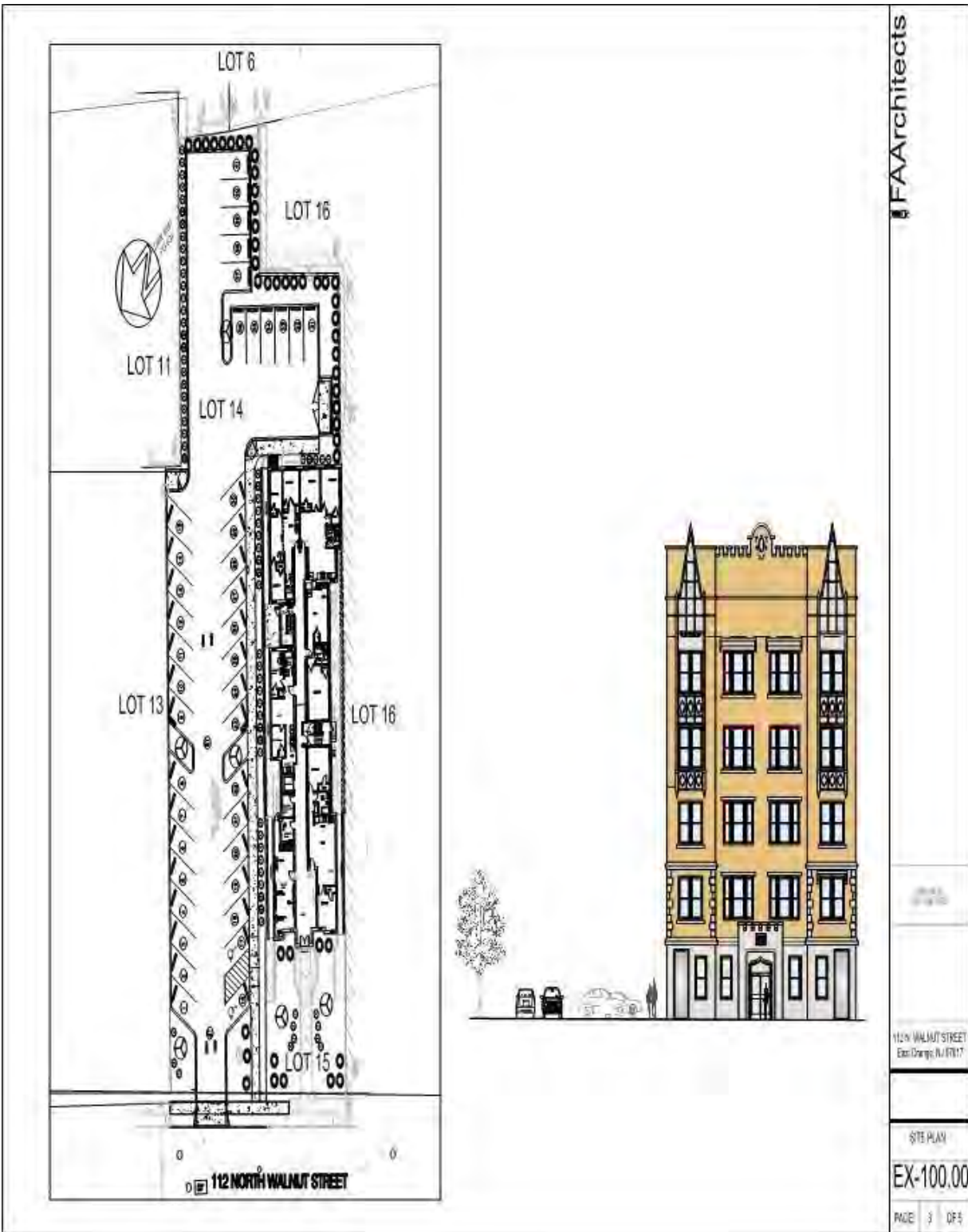
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112 N. WALNUT STREET
East Orange, NJ 07017

EXTERIOR
RENDERING
EX-102.00

PAGE: 5 OF 5



112 N. WALNUT STREET



2-BEDROOM 1 BATH FLOOR PLAN



BATH ROOM 1



MASTER BEDROOM



BEDROOM 1



LIVING ROOM



1 BEDROOM 1 BATH FLOOR PLAN



LIVING ROOM/KITCHEN



BEDROOM 1



BATH ROOM

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East Orange, NJ 07017

INTERIOR UNITS &
EXTERIOR PHOTOS
1-100.00

PAGE 1 OF 5

112 N. WALNUT STREET



1 BEDROOM 1 BATH FLOOR PLAN



LIVING ROOM



KITCHEN



BEDROOM 1 ROOM



BEDROOM 2 ROOM



BEDROOM 3 ROOM



LOBBY



ELEVATOR



PARKING

FAArchitects

112 N. WALNUT STREET
East Orange, NJ 07017

INTERIOR UNITS & APARTMENTS PHOTOS

I-101.00

PAGE: 2 OF 5



Subject Photos



Subject Exterior



Subject Interior



Subject Interior



Subject Interior

Additional photos are included in the Addenda



Assessment and Tax Data

Assessed Values and Property Taxes

The subject's assessed values, applicable tax rates and total taxes, including direct assessments, are shown in the following table:

Conclusions

The current "As Is" tax burden for the first appraised fiscal year is \$88,633 or \$3,056 per unit. To estimate the "As Stabilized/Complete" taxes, we reviewed the following tax comparables:



All of the comparables were utilized during the prior appraisal. The comparables were reassessed within the last year. During the prior appraisal, the comparables depicted tax burdens near \$4,500 per unit. Due to the recent reassessments, the taxes of the competing properties have increased. Based on the comparable dataset, we estimate a tax burden of \$8,000 per unit for the subject in both scenarios in the Direct Capitalization analysis.



Zoning Overview

According to our research the subject property is zoned NW which is commonly referred to as “North Walnut Neighborhood District” (Transit Village) within the zoning regulations.

A list of the more common uses allowed in the district is included in the table below. In some cases conditional uses may be allowed after review and approval from the governing body. An overview of the zoning characteristics and requirements is provided in the tables that follow:

ZONING DESCRIPTION

Zoning Overview	
Jurisdiction:	East Orange
Zoning Code:	NW
Description/Category:	North Walnut Neighborhood District
Permitted Uses:	Mixed-use; residential; multi-family; retail sales and services; restaurants; offices;
Current/Proposed Use Permitted:	Yes

Lot, yard and bulk requirements for the subject zoning district are stated in the table below. These restrictions are detailed further within the zoning ordinance; however, are included to analyze the conformity of the subject improvements to the zoning code.

ZONING REQUIREMENTS

Category	Regulation	Requirement/Minimum	Subject Complies
Lot Regulations	Min. Lot Size (SF):	10,000	Yes
	Min. Lot Width (Ft):	70	Yes
Bldg. Regulations	Max. Height (Ft):	65	Yes
	Max. FAR:	100 units/Acre	Yes
Setbacks	Front (Ft):	0	Yes
	Rear (Ft):	25	Yes

Conclusion

The use potential of the subject governed by the NW zoning classification. Based on the existing zoning regulations, the current use of the subject property is judged to be a legal, conforming use. In addition, according to a Zoning Letter dated April 5, 2022, three additional floors can be added to the subject with 18 additional apartments. The Zoning Letter was signed by Babatunde Adewunmi, PE, LS, RA, PP and is available in the Addenda.

Limitations

Zoning regulations are often complex and a number of factors can impact the compliance of a property. The data presented and the conclusions reported are not intended to be an absolute

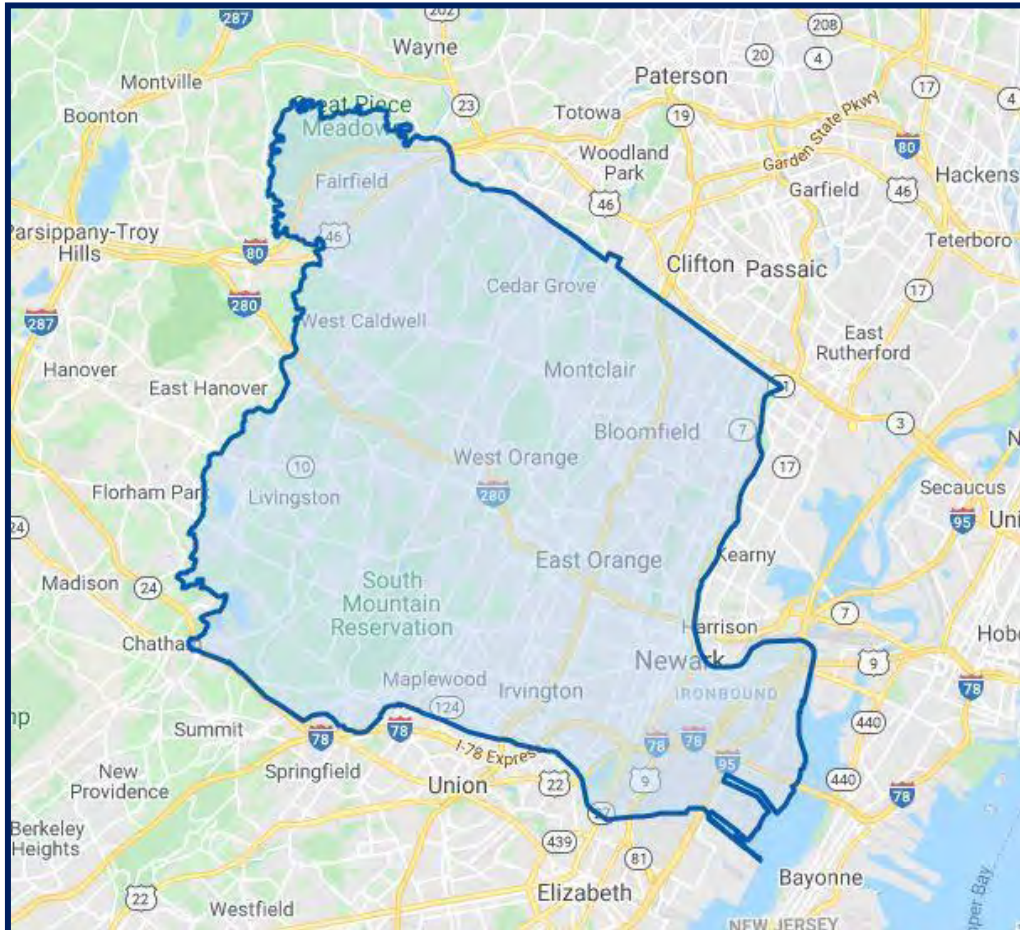
statement of compliance (or non-compliance) as that is beyond the scope of this assignment. If the intended user requires a more in-depth analysis of the zoning, an expert in that field should be consulted.

ZONING MAP



Market Analysis

MARKET AREA MAP



Overview

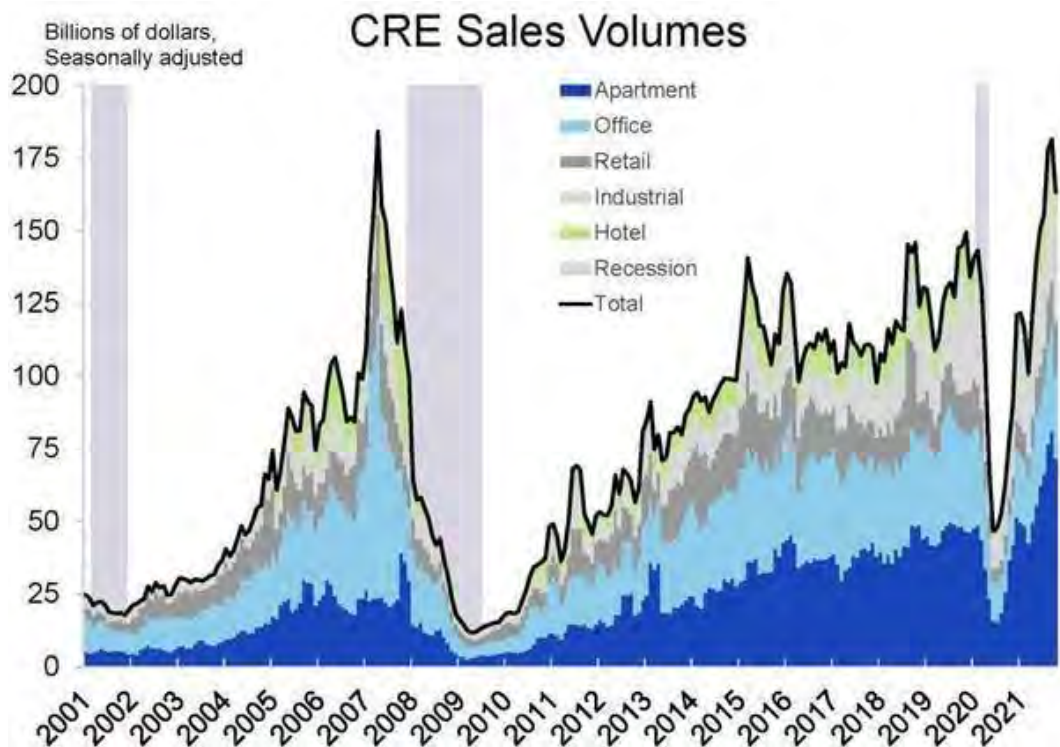
The subject property is a 29-unit multifamily project located in East Orange, Essex County. According to CoStar Inc., the subject is located within the Lower Essex County multifamily submarket of the Essex County multifamily market. Using data from CoStar Inc., we researched the market area to determine real estate trends within the Essex County multifamily market and Lower Essex County submarket.

While Covid-19 continues to impact all aspects of the economy in some way, the pandemic's impact on commercial real estate has been relatively muted in 2021. The market overall is experiencing growth, fueled by low lending rates and inflationary pressures. Demand for investment properties is expected to increase in secondary and tertiary markets as investors look for higher yields. Investors and owners are also expected to continue to watch federal involvement in business loans, as government may need to intervene if inflation continues to grow. This will influence the decision of business owners to choose between buying or leasing their commercial space. Supply chain issues have the potential to impact both inflation and the ability to keep up with space demand. A shortage of supplies as well as labor is continuing to cause delays in construction across the country.



Supply for commercial space is not keeping up with demand from buyers. High net worth individuals as well as institutions are seeking real estate assets as a hedge against inflation and are taking advantage of the low interest rates while they last. Unlike past recessions, during the brief Covid-19 recession, there has been no shortage of capital, and this has kept several CRE sectors not just solvent, but thriving, including multi-family, certain retail properties, self-storage, healthcare and especially industrial. Office and much retail space is undergoing a shift as companies and consumers continue to adapt to both pandemic concerns as well as changes in the ability to work remote. Many companies are expected to need to offer office employees hybrid work arrangements, which not only depressed square footage demands in office but daytime retail demand nearby.

Despite the space adjustments, retail tenants are paying their rents in higher percentages since April 2020, but many retailers, especially in suburban markets, are struggling to find hourly workers, which is impacting their ability to stay open for regular business hours. Overall office trends are flat or slightly negative, as companies sort out employee policies for being in office and workers continue to opt for and insist on flexible work arrangements. The Covid-19 pandemic upended economies globally beginning in Q1 2020. A year later, the virus continues to spread but is showing signs of relenting in many countries. Unprecedented vaccine development and manufacturing efforts, combined with mitigation strategies, have helped slow the virus's progress in many places and most leaders expect to see a return to pre-pandemic level activity in the second half of 2021 for most industries. As of March 2021, approximately 1/3 of all adults in the United States have received at least the first dose of a Covid-19 vaccine, with the US averaging two million doses administered per day. Oxford Economics' US Recovery Tracker rose 1.7 ppts to 85.3 in mid-March, a new high one year after the onset of the pandemic crisis.



Industrial continues to be the strongest sector, showing robust conditions in nearly every market. Rent growth and absorption rates are very strong everywhere except in some of the west coast markets. Ecommerce exploded during the lockdowns in 2020, creating new customer behavior that continues to persist, though not at the same levels as consumers have resumed some in-person shopping. Companies have taken the opportunity to innovate on mobile delivery options which has increased the demand for warehouse and distribution space nationally.

In the wake of strong demand, investors are seeking opportunities in alternative sectors, looking for higher returns at higher cap rates. The sectors that investors have most pivoted to are senior housing, student housing, self-storage and life sciences properties, which includes medical office space. Another factor impacting the markets is an increased focus on considering ESG (Environmental, Social and Corporate Governance) elements when making operational or investment decisions. A Q3 report by Loopnet found that 82% of respondents reported ESG considerations in underwriting, buying decisions or property selection and positioning of assets. The growing risk of climate-related property damage is beginning to factor into market-level risk decision making.

Sun-belt markets have emerged in the post-pandemic forecast as the target of growth and exponential development. While some of the pandemic exodus from top-tier cities has rebounded, the longer-term forecast is strongest in the southern part of the country where quality of life and tax-friendly structures attract workers and companies. The top 10 markets for overall real estate prospects, according to Loopnet are:

1. Nashville
2. Raleigh/Durham
3. Phoenix
4. Austin
5. Tampa/St. Petersburg
6. Charlotte
7. Dallas/Fort Worth
8. Atlanta
9. Seattle
10. Boston

Inflation is perhaps the biggest worry for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). While at the highest rate in 30 years, inflation will likely stay high for the next year and then begin to ease as market corrections work themselves out.



The median CPI is now increasing at over a 6% annual rate, which is a pace not seen since the late 80's. Because of the unique nature of the causes of this rate of inflation, the demand outlook does not point to accelerating inflation over the medium term, which is most important for the overall economic outlook and for decision makers at the Federal Reserve. Market participants anticipate that the Fed will hike interest rates higher in 2022 and this belief has reduced uncertainty around the longer path of inflation. The biggest risk is that unexpected runaway inflation would be damaging to the economy which would negatively affect property markets. This is not the expected scenario, however, and even elevated inflation can have a net positive impact on property values.



Supply and Demand Trends – Essex County Market

The following table presents the Essex County market multifamily market inventory levels, absorption, vacancy and rental rates.

Class BC Apartment Market Statistics Essex County Market

Period	Inventory			Asking Rent		Effective Rent		Vacancy	Net Absorption	Under Construction	
	Buildings	Units	Average Unit Size	Per Unit	Per SF	Per Unit	Per SF			Total Buildings	Total Units
2022 Q2 QTD	2,431	80,183	792	\$1,435	\$1.84	\$1,429	\$1.83	2.6%	3	17	1,236
2022 Q1	2,431	80,183	792	\$1,431	\$1.83	\$1,425	\$1.83	2.6%	116	17	1,236
2021 Q4	2,429	80,163	792	\$1,415	\$1.81	\$1,409	\$1.80	2.8%	110	17	1,099
2021 Q3	2,427	80,146	792	\$1,400	\$1.79	\$1,394	\$1.78	2.9%	481	19	1,116
2021 Q2	2,424	79,958	792	\$1,389	\$1.78	\$1,380	\$1.76	3.3%	423	20	1,158
2021 Q1	2,421	79,693	792	\$1,380	\$1.76	\$1,371	\$1.75	3.5%	159	19	857
2020 Q4	2,419	79,594	792	\$1,374	\$1.75	\$1,368	\$1.74	3.5%	283	18	809
2020 Q3	2,414	79,332	791	\$1,371	\$1.75	\$1,364	\$1.74	3.6%	190	20	936
2020 Q2	2,409	79,124	789	\$1,366	\$1.74	\$1,355	\$1.73	3.6%	20	24	1,078
2020 Q1	2,408	79,098	789	\$1,357	\$1.73	\$1,351	\$1.72	3.6%	5	23	1,093
2019 Q4	2,405	79,046	789	\$1,349	\$1.72	\$1,344	\$1.71	3.5%	-34	25	1,130
2019 Q3	2,401	78,915	789	\$1,344	\$1.71	\$1,337	\$1.71	3.3%	241	24	1,030
2019 Q2	2,395	78,567	788	\$1,347	\$1.72	\$1,338	\$1.71	3.2%	218	27	1,263
2019 Q1	2,392	78,298	787	\$1,332	\$1.70	\$1,323	\$1.69	3.1%	139	26	1,351
2018 Q4	2,386	78,118	787	\$1,326	\$1.69	\$1,319	\$1.68	3.1%	-18	28	1,407
2018 Q3	2,386	78,118	787	\$1,317	\$1.68	\$1,310	\$1.67	3.1%	25	25	1,337
2018 Q2	2,385	78,088	787	\$1,311	\$1.67	\$1,300	\$1.66	3.0%	134	18	884
2018 Q1	2,385	78,088	787	\$1,301	\$1.66	\$1,292	\$1.65	3.2%	154	13	630
2017 Q4	2,383	78,060	787	\$1,293	\$1.65	\$1,284	\$1.64	3.4%	162	12	628
2017 Q3	2,380	77,993	787	\$1,284	\$1.64	\$1,276.0	\$1.63	3.5%	149	11	456

Source: CoStar Group, Inc.

Inventory of Existing Space

There are currently 80,183 units of Class B/C space in Essex County. This figure has increased by 2.81% since the beginning of the survey.

New or Proposed Construction

There are currently 1,236 units demised within 17 buildings currently under construction.

Vacancy

Vacancies have fluctuated over the survey period, but have ranged from 2.6% to 3.6%. The vacancy rate is currently 2.6%.

Absorption Trends

Absorption has been overall positive over the past two years.

Asking and Effective Rental Rates

Asking rents and effective rates have trended upwards over the survey period, with a current asking rate of \$1,435 and an effective rate of \$1,429.



Supply and Demand Trends – Lower Essex County Submarket

The following table presents the Lower Essex County submarket multifamily market inventory levels, absorption, vacancy and rental rates.

Class BC Apartment Market Statistics
Lower Essex County Submarket

Quarter	Inventory			Asking Rent		Effective Rent		Vacancy	Net Absorption	Under Construction	
	Buildings	Units	Average Unit Size	Per Unit	Per SF	Per Unit	Per SF			Total Buildings	Total Units
2022 Q2 QTD	617	25,365	836	\$1,508	\$1.83	\$1,502	\$1.83	3.1%	3	2	120
2022 Q1	617	25,365	836	\$1,506	\$1.83	\$1,501	\$1.82	3.1%	20	2	120
2021 Q4	617	25,365	836	\$1,489	\$1.81	\$1,483	\$1.80	3.2%	66	2	120
2021 Q3	616	25,354	836	\$1,475	\$1.79	\$1,468	\$1.78	3.4%	117	3	131
2021 Q2	614	25,276	836	\$1,460	\$1.77	\$1,454	\$1.76	3.6%	105	5	209
2021 Q1	613	25,216	836	\$1,451	\$1.76	\$1,445	\$1.75	3.8%	42	6	269
2020 Q4	613	25,216	836	\$1,439	\$1.74	\$1,433	\$1.74	4.0%	80	5	199
2020 Q3	611	25,144	835	\$1,434	\$1.74	\$1,425	\$1.73	4.0%	78	5	151
2020 Q2	609	25,060	830	\$1,426	\$1.73	\$1,417	\$1.71	4.0%	19	7	235
2020 Q1	609	25,060	830	\$1,422	\$1.72	\$1,416	\$1.71	4.1%	-79	7	235
2019 Q4	608	25,048	830	\$1,412	\$1.71	\$1,407	\$1.70	3.7%	-93	8	247
2019 Q3	607	25,028	830	\$1,408	\$1.70	\$1,400	\$1.69	3.2%	154	7	178
2019 Q2	605	24,826	828	\$1,424	\$1.73	\$1,413	\$1.71	3.1%	44	7	330
2019 Q1	605	24,826	828	\$1,391	\$1.68	\$1,382	\$1.67	3.3%	75	6	322
2018 Q4	603	24,745	828	\$1,385	\$1.67	\$1,376	\$1.66	3.2%	8	8	403
2018 Q3	603	24,745	828	\$1,373	\$1.66	\$1,365	\$1.65	3.3%	15	8	403
2018 Q2	602	24,715	828	\$1,369	\$1.65	\$1,352	\$1.63	3.2%	38	8	413
2018 Q1	602	24,715	828	\$1,357	\$1.64	\$1,347	\$1.63	3.4%	49	7	353
2017 Q4	602	24,715	828	\$1,346	\$1.63	\$1,337	\$1.61	3.6%	37	7	353
2017 Q3	601	24,695	828	\$1,340	\$1.62	\$1,330.00	\$1.61	3.6%	38	6	292

Source: CoStar Group, Inc.

Inventory of Existing Space

There are currently 25,365 Class B/C units in the submarket which reflects a 2.71% increase.

New or Proposed Construction

There are currently 120 units under construction in the submarket, demised into 2 buildings.

Vacancy

Vacancies have fluctuated over the survey period, but have ranged from 3.1% to 4.1%. The vacancy rate is currently 3.1%.

Absorption Trends

Absorption has been overall positive over the past two years.

Asking and Effective Rental Rates

Asking rents and effective rates have trended upwards over the survey period, with a current asking rate of \$1,508 and an effective rate of \$1,502.

Demographic Analysis

Demand for additional residential property is a direct function of population change. Multifamily communities are products of a clearly definable demand relating directly to population shifts.



Housing and Population Formation

The following table presents the population and household trends for a 1-mile, 3-mile and 5-mile radius from the subject property. The analysis will focus on the one-mile radius category as it best represents the East Orange area.

Population and Households

Radius (Miles)	1 Mile	3 Mile	5 Mile
Population			
2026 Population Projection	59,902	417,368	799,249
2021 Population Estimate	56,729	404,165	780,549
2010 Population	54,698	389,741	752,757
Annual % Change (2021 - 2026)	1.1%	0.6%	0.5%
Annual % Change (2010 - 2021)	0.3%	0.3%	0.3%
Households			
2026 Households Projection	23,518	152,814	293,336
2021 Households Estimate	22,273	147,425	285,742
2010 Households	21,266	140,623	273,185
Annual % Change (2021 - 2026)	1.1%	0.7%	0.5%
Annual % Change (2010 - 2021)	0.4%	0.4%	0.4%

Source: ESRI (ArcGIS)

The population within a 1-mile radius is expected to increase by 1.1% by 2026. The number of households within this radius is also expected to increase by 1.1% by 2026. However, the above data belies the fact that there have been significant population shifts over the past year (especially out of New York City) into Northern New Jersey due to the COVID-19 pandemic. The population shifts are likely higher than the data from STDB would indicated.

Income Distribution

Household income available after expenditure on housing and other consumer goods is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this analysis, projections of household income, particularly for rents, identifies in gross terms the market from which the subject submarket draws. The following table presents the estimated household income distribution for the subject neighborhood.



Income Distribution

By Households - 2021	1 Mile	3 Mile	5 Mile
<\$15,000	17.8%	16.8%	13.3%
\$15,000 - \$24,999	10.1%	9.6%	8.4%
\$25,000 - \$34,999	10.3%	9.9%	8.8%
\$35,000 - \$49,999	14.7%	12.4%	11.3%
\$50,000 - \$74,999	19.8%	18.8%	17.8%
\$75,000 - \$99,999	10.4%	11.1%	11.4%
\$100,000 - \$149,999	11.2%	11.6%	13.7%
\$150,000 - \$199,999	3.4%	4.6%	6.7%
\$200,000+	2.4%	5.2%	8.7%

Source: ESRI (ArcGIS)

Household Level Income

The following table presents the median and average household level incomes for the subject neighborhood.

Household Level Income

Income	1 Mile	3 Mile	5 Mile
2021 Median Household Income Estimate	\$46,291	\$51,135	\$59,155
2021 Average Household Income Estimate	\$60,761	\$72,368	\$89,708
2021 Per Capita Income Estimate	\$23,914	\$26,432	\$32,918

Source: ESRI (ArcGIS)

An analysis of the income data indicates that the submarket is generally comprised of the middle economic cohort group, which includes the target market for the subject property.

Employment

An employment breakdown typically indicates the working class characteristics for a given market area. The specific employment population within the indicated radii of the subject is presented in the following table.

Employment by Industry

Occupation	1 Mile	3 Mile	5 Mile
Agriculture/Forestry/Fishing/Hunting	0.1%	0.0%	0.1%
Mining/Quarrying/Oil & Gas Extraction	0.0%	0.0%	0.0%
Construction	3.7%	5.6%	7.0%
Manufacturing	4.7%	6.0%	6.4%
Wholesale Trade	1.6%	2.3%	2.6%
Retail Trade	11.8%	10.2%	9.5%
Transportation/Warehousing	10.8%	10.8%	9.4%
Utilities	0.3%	0.4%	0.5%
Information	1.9%	2.0%	2.4%
Finance/Insurance	3.4%	4.7%	5.5%
Real Estate/Rental/Leasing	2.4%	2.0%	1.9%
Professional/Scientific/Tech Services	4.0%	6.2%	7.8%
Management of Companies/Enterprises	0.0%	0.0%	0.1%
Admin/Support/Waste Management Services	5.1%	5.3%	4.7%
Educational Services	8.2%	8.8%	9.4%
Health Care/Social Assistance	27.0%	20.0%	17.8%
Arts/entertainment/Recreation	0.7%	1.3%	1.3%
Accommodation/Food Services	4.7%	5.1%	4.6%
Other Services (excl Public Administration)	3.6%	4.2%	4.5%
Public Administration	6.1%	5.0%	4.8%
Total	100.0%	100.0%	100.0%

Source: ESRI (ArcGIS)

The table indicates the employment character of the subject neighborhood, indicating that the majority of occupations in the area are health care/social assistance, retail trade, transportation/warehousing, educational services and public administration.

Outlook

Based on the preceding analysis, the immediate area surrounding the subject property is projected to experience moderate positive growth relative to households and population in the near future. Given the area demographics, it appears that demand for both comparable surrounding area apartment units and the subject will continue to be favorable.

Conclusions

The East Orange apartment market is exhibiting generally good occupancy levels. Considering this factor the short-term outlook for the East Orange area is expected to remain stable. However, as presented in the neighborhood analysis, the population growth is expected to be moderate, as such, there are indications that the market's short-term and long-term growth will be similar. The overall outlook for the East Orange apartment market is average with moderate growth.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As If Vacant

The primary determinants of the highest and best use of the property as if vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned NWD, North Walnut Neighborhood District which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature that would materially limit appropriate and likely development.

Financially Feasible

The probable use of the site for multifamily development conforms to the pattern of land use in the market area. A review of published yield, rental and occupancy rates suggest that there is a balanced supply and demand is sufficient to support construction costs and ensure timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is financially feasible.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for multi-family use.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is for multi-family use.

Analysis of Highest and Best Use as Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: (1) continuation of the existing use, (2) modification of the existing use, or (3) demolition and redevelopment of the land.



Retaining the improvements as they exist meets the tests for physical possibility, legal permissibility and financial feasibility.

The subject improvements were built in 1938 and, as of the date of value, were in shell condition. Based on our assessment, we have estimated the effective age to be 40 years as is. As noted, the analyzed use is a multi-family building. We believe the property to be a legal use per the zoning regulations. The improvements are consistent with surrounding uses and we have rated its functional utility as adequate.

Any alternative use of the existing improvements is unlikely to be economically feasible. The market value of the property as improved exceeds the combination of vacant site value less cost of demolition of the improvements. Therefore demolition and redevelopment of the site is not maximally productive.

Conclusion of Highest and Best Use As Improved

The highest and best use of the subject property, as improved, is multi-family after the proposed renovations.

Excess/Surplus Land

The site does not contain any excess or surplus land.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an investor.



Land Valuation

Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

The process of developing the sales comparison approach consists of the following analyses: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is per proposed unit.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Comparable Sales Data

To obtain and verify comparable sales of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our internal database.

We included four sales in our analysis, as these sales were judged to be the most comparable to develop an indication of market value for the subject property.

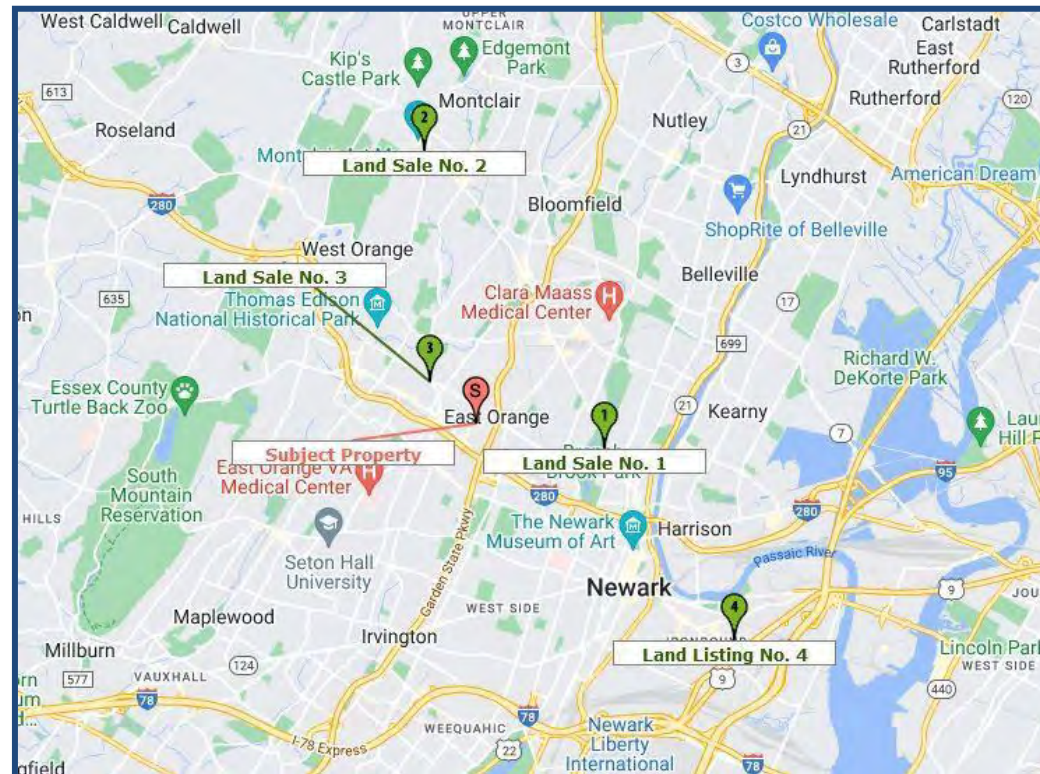
The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map. **We will provide a land sale analysis for both scenarios (29 units and 47 units).**



Land Sales Summary

Comp. No.	Date of Sale	Proposed Units	Location	Zoning	Sales Price Actual	Per Unit
1	April-22	20	313-315 Lake Street Newark, New Jersey	R-3	\$855,000	\$42,750
2	December-20	46	33-37 Orange Road Montclair, New Jersey	RA	\$2,000,000	\$43,478
3	February-20	70	715 Park Avenue East Orange, New Jersey	RO	\$3,500,000	\$50,000
4	Listing	24	116 Magazine Street Newark, New Jersey	R-3	\$1,799,000	\$74,958

COMPARABLE SALES MAP





MODERN BUILDERS & CONTRACTORS INC
LAND VALUATION

LAND COMPARABLE 1

305	307	309	311	313	315	317	319	321
25	25	25	25	38	36	38	38	36
61	62	63	64	1.01	1.02	1.03	1.04	1.05
100	100	100	100	100	100	100	100	100
25	25	25	25	38	36	38	38	36
16.45	16.73	16.67	16.71	16.67	16.96	36	36	36
65	66	67	68	69	70	71	72	73
70	69	68	67	66	65	1.10	1.09	1.08
16.48	16.73	16.67	16.71	16.67	16.96	36	36	36

Property Information

Sale ID 1557846
Address 313-315 Lake Street, Newark, Essex, New Jersey 07104
TaxID/APN Block 540, Lots 1.01 & 1.02

Sale Data

Sale Status Recorded
Sale Date 04-14-2022
Grantor 313-315 Lake Street LLC
Grantee 1140 Mary Street, LLC
Document # Not Yet Recorded
Property Rights Fee Simple
Financing Conventional
Conditions of Sale See Comments

Sale Indicators

Unadjusted Sale Price \$855,000
Unadjusted Price/Sq Ft. \$118.75
Unadjusted Price/Acre \$5,172,727
Unadjusted Price/Unit \$42,750
Expend. After Sale Adj. \$0
Adjusted Sale Price \$855,000
Adjusted Price/Sq Ft \$118.75
Adjusted Price/Acre \$5,172,727
Adjusted Price/Unit \$42,750

Property Description

Gross Land Sq. Ft. 7,200
Gross Land Acres 0.17
Usable Land Sq. Ft. 7,200
Usable Land Acres 0.17
Usable Land Percent 100.0%
Zoning R-3 (1-3 Family & Town House) by Newark
Shape Rectangular



Topography	Level
Utilities	All available
Access/Visibility	Adequate/Average
Flood Zone	X

Comments

This is the sale of a vacant parcel of land approved for 20 apartment units. The property was originally listed in early July with an asking price of \$1,499,000. The seller - Luis Nogueira - is also a broker and was the listing agent for the property. He obtained development approvals for the property and originally intended to develop the site himself. However, he did list it to see if there would be any interest. The contract buyer - Luis Ferreira - had purchased other properties from the seller and was interested in the project. The buyer had the capital and had a good relationship with the seller. The buyer was looking for a project just like the subject and also needed to buy a property as part of a 1031 Exchange. He was looking at the subject and at another property. He approached the seller and the price was negotiated downwards. The sale price was reportedly 15.0% to 20.0% below market due to the conditions of sale and relationship between the buyer and seller. The sale was developed via our own appraisal services to the property and was confirmed with both the buyer and seller.



MODERN BUILDERS & CONTRACTORS INC
LAND VALUATION

LAND COMPARABLE 2



Property Information

Sale ID	1543875
Address	33-37 Orange Road, Montclair, Essex, New Jersey 07042
TaxID/APN	Block 1404 Lots 19-20

Sale Data

Sale Status	Closed
Sale Date	12-18-2020
Grantor	Ferrara's Realty LLC
Grantee	HP 37 Orange Road Montclair LLC
Property Rights	Fee Simple
Financing	Conventional
Conditions of Sale	Typical

Sale Indicators

Unadjusted Sale Price	\$2,000,000
Unadjusted Price/Sq Ft.	\$71.35
Unadjusted Price/Acre	\$3,108,196
Unadjusted Price/Unit	\$43,478
Expend. After Sale Adj.	\$55,000
Adjusted Sale Price	\$2,055,000
Adjusted Price/Sq Ft	\$73.32
Adjusted Price/Acre	\$3,193,672
Adjusted Price/Unit	\$44,674

Property Description

Gross Land Sq. Ft.	28,029
Gross Land Acres	0.64
Usable Land Sq. Ft.	28,029
Usable Land Acres	0.64
Usable Land Percent	100.0%
Zoning	RA () by



Shape	Irregular
Topography	Level
Utilities	All available
Access/Visibility	Average/Average
Flood Zone	X

Comments

This is a sale of two lots located on Orange Road in Montclair. The site is a mid-block lot with a 11,000 square foot automobile repair building. The property was purchased for land value and the current structure will be demolished after the sale. Demolition costs were anticipated by the buyer to be \$55,000. The buyer filed a proposal to construct a 46 unit apartment building with ground floor retail and a parking garage. The sale was confirmed with the buyer.



MODERN BUILDERS & CONTRACTORS INC
LAND VALUATION

LAND COMPARABLE 3



Property Information

Sale ID	1544893
Address	715 Park Avenue, East Orange, Essex, New Jersey 07017
TaxID/APN	Block 802 Lot 22.01

Sale Data

Sale Status	Recorded
Sale Date	02-10-2020
Grantor	Crossroads at Park Ave. Urban Renewal, LLC
Grantee	715 Park Avenue East Urban Renewal LLC
Property Rights	Fee Simple
Financing	Conventional
Conditions of Sale	Typical

Sale Indicators

Unadjusted Sale Price	\$3,500,000
Unadjusted Price/Sq Ft.	\$113.17
Unadjusted Price/Acre	\$4,929,577
Unadjusted Price/Unit	\$50,000
Adjusted Sale Price	\$3,500,000
Adjusted Price/Sq Ft	\$113.17
Adjusted Price/Acre	\$4,929,577
Adjusted Price/Unit	\$50,000

Property Description

Gross Land Sq. Ft.	30,928
Gross Land Acres	0.71
Usable Land Sq. Ft.	30,928
Usable Land Acres	0.71
Usable Land Percent	100.0%
Zoning	RO () by East Orange
Shape	Generally rectangular



Topography	Level
Utilities	All available
Access/Visibility	Average/Average
Flood Zone	X

Comments

This is a sale of vacant land located on Park Avenue in East Orange. The site is a mid-block lot and is generally rectangular. There were no structures on the site at the time of sale. The property was sold with approvals for a 70 unit apartment building. The sale was developed using CoStar and public record. There were no brokers listed for this sale. The sale was confirmed with the deed.

LAND LISTING COMPARABLE 4



Property Information

Sale ID	1557831
Address	116 Magazine Street, Newark, Essex, New Jersey 07105
TaxID/APN	Block 2056, Lots 28.01-28.04

Sale Data

Sale Status	Listing
Sale Date	07-01-2021
Grantor	V and S Investment Co.
Grantee	N/A
Document #	N/A
Property Rights	Fee Simple
Financing	Conventional
Conditions of Sale	Typical

Sale Indicators

Unadjusted Sale Price	\$1,799,000
Unadjusted Price/Sq Ft.	\$176.27
Unadjusted Price/Acre	\$7,678,190
Unadjusted Price/Unit	\$74,958
Expend. After Sale Adj.	\$75,000
Adjusted Sale Price	\$1,874,000
Adjusted Price/Sq Ft	\$183.62
Adjusted Price/Acre	\$7,998,293
Adjusted Price/Unit	\$78,083

Property Description

Gross Land Sq. Ft.	10,206
Gross Land Acres	0.23
Usable Land Sq. Ft.	10,206
Usable Land Acres	0.23
Usable Land Percent	100.0%



Zoning	R-3 (One to Three Family & Townhouse Residential) by Newark
Shape	Rectangular
Topography	Level
Utilities	All available
Access/Visibility	Adequate/Average
Flood Zone	X

Comments

This is the listing of a parcel of land located along Magazine Street in Newark. The site is fully approved for 24 apartment units over a 24-space parking garage. The property is currently improved with a dilapidated industrial building; demolition costs are estimated at \$75,000. The property has been listed since July of 2021. The listing agent did not disclose if there were any offers. The listing was developed via CoStar records and was confirmed with Louis Nogueira (973) 817-7700.



Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include (1) real property rights conveyed, (2) financing terms, (3) conditions of sale and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. The appraised value and sale comparables all reflect the fee simple interest with no adjustments required.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value.

Sale 1 sold approximately 15.0% to 20.0% below market value; therefore, we applied a 20.0% upward adjustment. Sale 4 is a current listing; listings set the upper-limit of value and properties do not typically sell at or above asking prices. A downward adjustment was applied. Sales 2 and 3 did not require adjustments.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the



comparable sales are required for this element of comparison. The details of each adjustment are located in the remarks of the respective sales profile.

- Sale 1: no adjustment was warranted.
- Sale 2: an upward adjustment of 2.8% was warranted.
- Sale 3: no adjustment was warranted.
- Sale 4: an upward adjustment of 4.9% was warranted.

Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Discussions with market participants and a review of market data indicated overall market conditions for vacant land properties have been improving with recent transactions confirming this trend. As such, we applied an adjustment to each comparable based on a factor of 3.00% per year.

Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments.

Our reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

Location

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, freeway accessibility, street exposure, corner versus interior lot location, neighboring properties, view amenities, and other factors.

The subject property is located along North Walnut Street in East Orange with adequate access and average visibility.

Sales 1, 2 and 3 are located in similar locations. While Sale 2 is located in Montclair, it has inferior train access which we deemed to be an offsetting factor. No adjustments were applied to these three sales. Sale 4 is located in the Ironbound Section of Newark where there is the highest concentration of demand for new apartments. An appropriate downward adjustment was applied.

Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject property consists of 0.74 gross acres (32,139 gross square feet), and 0.74 acres (32,139 square feet) of useable land area. In the first appraisal scenario, we have analyzed the 29 approved



units. The second scenario considers the 47 as of right units. All four sales are within a similar enough size profile as compared to the subject in both scenarios that no adjustments were required.

Shape/Depth

The subject site consists of an irregular-shaped tract considered similar enough to the land sales to not warrant an adjustment for this category.

Utilities

The subject property does have utilities available on the date of value. All four sales sold with utilities in place and did not require adjustments.

Topography

The subject has a level topography, as did all four sales. No adjustments were required.

Floodplain

A property's location within flood zone areas is typically a negative factor due to the increased costs of raising improvements up out of the floodplain, as well as additional insurance costs associated with improvements.

The subject and the sales are all located in Flood Zone X. Therefore, no adjustments were required.

Zoning

The highest and best use of sale comparables should be very similar to that of the subject property. When comparables with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning, but a highest and use similar to that of the subject may be used as comparables. These comparables may require an adjustment for differences in utility if the market supports such adjustment.

The subject site is zoned North Walnut Neighborhood District. All four sales have more restrictive zoning codes and required positive adjustments.

Approvals

Approvals are assumed for the first scenario (29 units) and are "as of right" for the 47 units in the second scenario. Sales 1, 3 and 4 were approved and did not require adjustments. The buyer of Sale 2 obtained the approvals after the sale; therefore, this sale received a positive adjustment.

Summary of Adjustments

Presented on the following page is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.



LAND SALES ADJUSTMENT GRID

Subject		Sale # 1	Sale # 2	Sale # 3	Sale # 4
Sale ID		1557846	1543875	1544893	1557831
Date of Value & Sale		July-21	April-22	December-20	February-20
Unadjusted Sales Price		\$855,000	\$2,000,000	\$3,500,000	\$1,799,000
Proposed Units		29 / 47	20	46	70
Unadjusted Sales Price per Proposed Unit		\$42,750	\$43,478	\$50,000	\$74,958
Transactional Adjustments					
Property Rights Conveyed		<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>
Adjustment		-	-	-	-
Adjusted Sales Price		\$42,750	\$43,478	\$50,000	\$74,958
Financing Terms		<i>Cash to Seller</i>	<i>Conventional</i>	<i>Conventional</i>	<i>Conventional</i>
Adjustment		-	-	-	-
Adjusted Sales Price		\$42,750	\$43,478	\$50,000	\$74,958
Conditions of Sale		<i>Typical</i>	<i>See Comments</i>	<i>Typical</i>	<i>Typical</i>
Adjustment		20.0%	-	-	-15.0%
Adjusted Sales Price		\$51,300	\$43,478	\$50,000	\$63,715
Expenditures after Sale		<i>\$0</i>	<i>\$55,000</i>	<i>\$0</i>	<i>\$75,000</i>
Adjustment		-	2.8%	-	4.9%
Adjusted Sales Price		\$51,300	\$44,674	\$50,000	\$66,840
Market Conditions Adjustments					
Elapsed Time from Date of Value		<i>-0.76 years</i>	<i>0.56 years</i>	<i>1.41 years</i>	<i>0.00 years</i>
Market Trend Through		July-21	-	1.7%	4.2%
Analyzed Sales Price		\$51,300	\$45,419	\$52,116	\$66,840
Physical Adjustments					
Location		<i>112 & 116 N. Walnut Street East Orange, New Jers</i>	<i>313-315 Lake Street Newark, New Jersey</i>	<i>33-37 Orange Road Montclair, New Jersey</i>	<i>715 Park Avenue East Orange, New Jersey</i>
Adjustment		-	-	-	-15.0%
Size		<i>29 / 47 units</i>	<i>20 units</i>	<i>46 units</i>	<i>70 units</i>
Adjustment		-	-	-	-
Shape/Depth		<i>Irregular</i>	<i>Rectangular</i>	<i>Irregular</i>	<i>Generally rectangular</i>
Adjustment		-	-	-	-
Utilities		<i>All available</i>	<i>All available</i>	<i>All available</i>	<i>All available</i>
Adjustment		-	-	-	-
Topography		<i>Level</i>	<i>Level</i>	<i>Level</i>	<i>Level</i>
Adjustment		-	-	-	-
Floodplain		<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>
Adjustment		-	-	-	-
Zoning		<i>NWD</i>	<i>R-3</i>	<i>RA</i>	<i>RO</i>
Adjustment		-	5.0%	5.0%	5.0%
Approvals		<i>Yes</i>	<i>Yes</i>	<i>None</i>	<i>Yes</i>
Adjustment		-	15.0%	-	-
Net Physical Adjustment		-	5.0%	20.0%	5.0%
Adjusted Sales Price per Proposed Unit		\$53,865	\$54,503	\$54,722	\$60,156



Conclusion – 29 Units

From the market data available, we used four land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted unit prices:

Land Sale Statistics

Metric	Unadjusted	Analyzed	Adjusted
Minimum Sales Price per Proposed Unit	\$42,750	\$45,419	\$53,865
Maximum Sales Price per Proposed Unit	\$74,958	\$66,840	\$60,156
Median Sales Price per Proposed Unit	\$46,739	\$51,708	\$54,613
Mean Sales Price per Proposed Unit	\$52,797	\$53,919	\$55,812

The comparable dataset has an adjusted range of \$53,865 to \$60,156 per unit, with a median of \$54,613 per unit and a mean of \$55,812 per unit. Taking into consideration the overall physical and locational characteristics of the subject, a unit value of \$56,000 per unit was selected. This equates to a land value of \$1,620,000 for the first scenario.

Land Value Indication

Reasonable Adjusted Comparable Range			
29 proposed units	x	\$54,000 per proposed unit	= \$1,566,000
29 proposed units	x	\$60,000 per proposed unit	= \$1,740,000
Market Value Opinion			(Rounded)
29 proposed units	x	\$56,000 per proposed unit	= \$1,620,000

Applying our end unit pricing for the second scenario (47 units) equates to a land value of \$2,630,000 (rounded).

Land Value Indication

Reasonable Adjusted Comparable Range			
47 proposed units	x	\$54,0	
47 proposed units	x		
Market Value Opinion			
47 pro			



Cost Approach

Methodology

The cost approach develops an indication of market value by estimating replacement or reproduction cost of the improvements, deducting all appropriate forms of depreciation and adding land value. This approach is based on the premise that an investor or buyer of real estate would pay no more for a specific property than the cost to replace or reproduce the improvements less any accrued depreciation plus payment of entrepreneurial incentive and land value.

Direct Costs

To estimate direct costs of the building, we used replacement cost. Marshall Valuation Service is a national cost contracting service with years of evaluation experience and continued analysis of the cost of new construction. The calculator method was used to determine the replacement cost of the improvements.

Direct Building Cost – 1st Scenario

Marshall Valuation Service cost figures indicated total direct building construction costs of \$6,583,916 or 208.2 per square foot of gross building area. A calculation of total direct building costs for the subject property follows.

Final Direct Building Cost Refinements and Calculation

Building Identification/Name	Subject
Refined Square Foot Cost	\$141.93
Lump Sum Adjustments	
Sprinklers	+ \$3.03
Refined Square Foot Cost	\$144.96
Current	x 1.080
Local	x 1.330
Combined Multiplier	x 1.436
Final Square foot Cost	\$208.22
Gross Building Area	x 31,620
Direct building Cost	\$6,583,916

Direct Site Improvement Cost

Direct site improvement costs were estimated at \$82,449, as presented in the following table:

Direct Cost - Site Improvements

Item	Size/Quantity	Base Unit Cost	Multipliers		Total Cost
			Current	Local	
Parking Spaces	41 spaces x	\$1,400 x	\$1.08 x	\$1.33 =	\$82,449
Total Site Improvement Costs					\$82,449

Indirect Costs

Comparable properties indicated indirect costs of one to five percent of direct costs, most of which is included in the Marshall Valuation Service figures above. We estimated an additional expense of 5.00% of direct costs for items not included, or \$333,318. The calculation is presented in the following table:

**Additional Indirect Cost**

		Building + Site			
Item		Direct Costs		Rate	Total Cost
Professional Fees Excluded fr		\$6,666,365	x	5.00%	= \$333,318
Total Indirect Costs					\$333,318

Total Direct and Indirect Cost

Marshall Valuation Service

The Marshall Valuation Service cost figures indicated a total direct and indirect cost of \$6,999,683, as presented in the following table:

Marshall Valuation Service Direct and Indirect Cost

Component	Cost Estimate
Direct Building Cost	\$6,583,916
Direct Site Improvement Cost	\$82,449
Additional Indirect Cost	\$333,318
Total Direct and Indirect Cost	\$6,999,683

Entrepreneurial Incentive

For this analysis, entrepreneurial incentive was estimated at 15.0% percent of construction cost, or \$1,049,953, which is appropriate for multifamily oriented development. The calculation is presented in the following table:

Entrepreneurial Incentive Calculation

Replacement Cost New Only				Entrepreneurial Incentive
\$6,999,683	x	15.0%	=	\$1,049,953

Replacement Cost New

Adding entrepreneurial incentive to the reconciled total direct and indirect cost resulted in a replacement cost new of \$8,049,636.

Depreciation

The next step is to estimate depreciation applicable to the subject improvements. The various forms of depreciation are discussed as follows:

Physical Deterioration

Physical deterioration is a reduction in utility resulting from an impairment of physical condition and is delineated into curable and incurable components.



Curable Physical

Based on our property visit and discussions with the property owners, the subject property does not exhibit deferred maintenance.

Incurable Physical

The subject improvements are new with no incurable physical depreciation present.

Functional Obsolescence

The subject property is representative of market standards and the ideal improvement. Therefore, no functional obsolescence was considered.

External Obsolescence

The subject does not suffer from deferred maintenance.

Total Depreciation

Adding all forms of depreciation indicated total accrued depreciation of \$0.

Market Value of Land

The final step in the cost approach is the addition of the market land value, estimated at \$1,620,000.

Preliminary Prospective As Stabilized Leased Fee Market Value Indication

As previously discussed, the subject property does not exhibit deferred maintenance and is operating at a stabilized occupancy level. The preceding cost analysis indicated a preliminary prospective as stabilized leased fee market value indication for the subject property of \$9,700,000 (rounded). The cost schedule is presented as follows:

Cost Approach Schedule

Replacement Cost New

Direct and Indirect Cost New	\$6,999,683
Entrepreneurial Incentive	<u>\$1,049,953</u>
Replacement Cost New	\$8,049,636

Accrued Depreciation

Physical Deterioration	
Curable (deferred maintenance)	\$0
Incurable	<u>\$0</u>
Total Physical Deterioration	\$0
Obsolescence	
External	\$0
Functional	<u>\$0</u>
Total Obsolescence	\$0
Total Accrued Depreciation	<u>\$0</u>
Depreciated Cost of Improvements	<u>\$8,049,636</u>
Estimated Market Value of Land	<u>\$1,620,000</u>
Preliminary Prospective Upon Stabilization Leased Fee Value Indication	<u>\$9,700,000</u>



Based on this analysis, the cost approach indications are summarized as follows for the first scenario (29 units):

Cost Approach Value Indications	
Preliminary Prospective Upon Stabilization Leased Fee Value Indication	\$9,700,000
Less Lease-Up:	\$80,000
Prospective As Complete Fee Simple Market Value Indication	\$9,600,000
Less Remaining Construction Costs:	\$2,173,500
As Is Fee Simple Market Value Indication	\$7,400,000

Direct Building Cost – 2nd Scenario

Marshall Valuation Service cost figures indicated total direct building construction costs of \$10,534,266 or \$208.22 per square foot of gross building area. A calculation of total direct building costs for the subject property follows.

Final Direct Building Cost Refinements and Calculation

Building Identification/Name	Subject
Refined Square Foot Cost	\$141.93
Lump Sum Adjustments	
Sprinklers	+ \$3.03
Refined Square Foot Cost	\$144.96
Current	x 1.080
Local	x 1.330
Combined Multiplier	x 1.436
Final Square foot Cost	\$208.22
Gross Building Area	x 50,592
Direct building Cost	\$10,534,266

Direct Site Improvement Cost

Direct site improvement costs were estimated at \$96,526, as presented in the following table:

Direct Cost - Site Improvements

Item	Size/Quantity	Base Unit Cost	Multipliers		Total Cost
			Current	Local	
Parking Spaces	48 spaces x	\$1,400 x	\$1.08 x	\$1.33 =	\$96,526
Total Site Improvement Costs					\$96,526

Indirect Costs

Comparable properties indicated indirect costs of one to five percent of direct costs, most of which is included in the Marshall Valuation Service figures above. We estimated an additional expense of 5.00% of direct costs for items not included, or \$531,540. The calculation is presented in the following table:

**Additional Indirect Cost**

		Building + Site			
Item		Direct Costs		Rate	Total Cost
Professional Fees Excluded fr		\$10,630,792	x	5.00%	= \$531,540
Total Indirect Costs					\$531,540

Total Direct and Indirect Cost

Marshall Valuation Service

The Marshall Valuation Service cost figures indicated a total direct and indirect cost of \$11,162,332, as presented in the following table:

Marshall Valuation Service Direct and Indirect Cost

Component	Cost Estimate
Direct Building Cost	\$10,534,266
Direct Site Improvement Cost	\$96,526
Additional Indirect Cost	\$531,540
Total Direct and Indirect Cost	\$11,162,332

Entrepreneurial Incentive

For this analysis, entrepreneurial incentive was estimated at 15.0% percent of construction cost, or \$1,674,350, which is appropriate for multifamily oriented development. The calculation is presented in the following table:

Entrepreneurial Incentive Calculation

Replacement Cost New Only	Entrepreneurial Incentive	
\$11,162,332	x	15.0%
	=	\$1,674,350

Replacement Cost New

Adding entrepreneurial incentive to the reconciled total direct and indirect cost resulted in a replacement cost new of \$12,836,682.

Depreciation

The next step is to estimate depreciation applicable to the subject improvements. The various forms of depreciation are discussed as follows:

Physical Deterioration

Physical deterioration is a reduction in utility resulting from an impairment of physical condition and is delineated into curable and incurable components.

Curable Physical

Based on our property visit and discussions with the property owners, the subject property does not exhibit deferred maintenance.



Incurable Physical

The subject improvements are new with no incurable physical depreciation present.

Functional Obsolescence

The subject property is representative of market standards and the ideal improvement. Therefore, no functional obsolescence was considered.

External Obsolescence

The subject does not suffer from deferred maintenance.

Total Depreciation

Adding all forms of depreciation indicated total accrued depreciation of \$0.

Market Value of Land

The final step in the cost approach is the addition of the market land value, estimated at \$2,630,000.

Preliminary Prospective As Stabilized Leased Fee Market Value Indication

As previously discussed, the subject property does not exhibit deferred maintenance and is operating at a stabilized occupancy level. The preceding cost analysis indicated a preliminary prospective as stabilized leased fee market value indication for the subject property of \$15,500,000 (rounded). The cost schedule is presented as follows:

Cost Approach Schedule

Replacement Cost New

Direct and Indirect Cost New	\$11,162,332
Entrepreneurial Incentive	<u>\$1,674,350</u>
Replacement Cost New	\$12,836,682

Accrued Depreciation

Physical Deterioration	
Curable (deferred maintenance)	\$0
Incurable	<u>\$0</u>
Total Physical Deterioration	\$0
Obsolescence	
External	\$0
Functional	<u>\$0</u>
Total Obsolescence	\$0
Total Accrued Depreciation	<u>\$0</u>
Depreciated Cost of Improvements	<u>\$12,836,682</u>
Estimated Market Value of Land	<u>\$2,630,000</u>
Preliminary Prospective Upon Stabilization Leased Fee Value Indication	<u>\$15,500,000</u>

Based on this analysis, the cost approach indications are summarized as follows for the second scenario (47 units):



Cost Approach Value Indications

Preliminary Prospective Upon Stabilization Leased Fee Value Indication	\$15,500,000
Less Lease-Up:	<u>\$240,000</u>
Prospective As Complete Fee Simple Market Value Indication	\$15,300,000
Less Remaining Construction Costs:	<u>\$4,588,500</u>
As Is Fee Simple Market Value Indication	\$10,700,000

